

**CITY OF INGLESIDE, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**PREPARED BY**

**City of Ingleside**  
**City Manager**

**Jim Gray**  
**City Manager**



**CITY OF INGLESIDE, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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## **INTRODUCTORY SECTION**





January 29, 2014

The Honorable Mayor, City Council and City Manager  
City of Ingleside  
Ingleside, Texas

This report represents the Annual Financial Report for the City of Ingleside, Texas for the fiscal year ended September 30, 2013.

This report is published to provide the City Council, City Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City Manager.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City Staff is pleased to submit the Annual Financial Report for the City of Ingleside, Texas, for the fiscal year ended September 30, 2013.

### **THE REPORT**

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a listing of the City Officials, and an organizational chart. The Financial Section includes a Management Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, as well as the Independent auditors' report on the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Ingleside's MD&A can be found immediately following the report of the independent auditors. The Statistical Section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader.

The City of Ingleside's financial statements have been audited by Ernest R. Garza & Company, P.C.; a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ingleside for the fiscal year ending September 30, 2013 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.



The independent auditor concluded, based upon the audit, that there was a reasonable basis for the fiscal year ending September 30, 2013 financial statements to be considered to be fairly presented in conformity with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board and other professional promulgations, as applicable.

## **CITY PROFILE**

### Location

The City of Ingleside is the second largest city in population in San Patricio County. Located on the eastern tip of San Patricio County, Ingleside is 18 miles from Corpus Christi, about 150 miles south of San Antonio and 225 miles southwest of Houston. The City encompasses approximately 16.0 square miles of land within the City's corporate boundary. Ingleside is about 35% developed.

The City of Ingleside, Texas, (the "City") was incorporated on June 18, 1951 under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Members are elected under a place format. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards, the City Manager is responsible for enforcement of laws and ordinances, and appoints and supervises the heads of departments of the City organization.

### Services Provided

Services provided by the City under the general governmental functions include police and fire protection, street maintenance, library services, public improvements, planning and zoning, engineering, traffic control, parks operation and maintenance, code enforcement, and general and administrative services. A private firm provides solid waste collection and disposal services under a contract with the City. In addition, water and sewer services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses, payments on outstanding debt and reserves.

The Ingleside Development Corporation (IDC) is considered to be a blended component unit of the City. A seven-member board of directors, of which four may be active council members, governs this legally separate entity. The function of the IDC is to oversee the appropriations of funds collected under the special sales tax for economic development, including the payment of debt service for the projects approved by the voters for the purpose. The operational and capital budget must be approved by the City Council.

### Accounting System and Budgetary Control

The City's accounting records for governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining

accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's current internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that on or before the sixth of August, the City Manager submits to the City Council a proposed budget and budget message to the City Council for the fiscal year commencing the following October 1. The budget message is the responsibility of the City Manager. The City Council shall review the proposed budget and make any appropriate changes prior to publishing the final budget. The budget is legally enacted through passage of an ordinance on or before September 20. The City Manager is authorized to transfer budgeted amount within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. The City Manager has been authorized, by ordinance and by adoption of the City Council, to expend limited amounts which are included within the budget. Expenditures over \$50,000 require authorization by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item for the current month and year-to-date and are distributed monthly to City department supervisors as well as to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item.

Following the Spring 2006 liquidity crisis, the City Council adopted certain financial goals for the City in order to create a better financial foundation and to improve the City's bond rating. These goals are basically to accumulate 25% of the City's annual general and utility operating expenditures in reserve and to re-establish the City's Utility Bond Reserves. The bond reserves were reestablished within a year of the adoption of these goals. And, the City's steady and deliberate progress towards these goals has resulted in three consecutive upgrades of the City's bond ratings as published by Standard & Poor. The most recent upgrade occurred on July 12, 2010 when the City's bond rating was changed from A- to A. In August 2011, the City issued Certificate of Obligations Series 2011 with a coupon rate of 3.12% for utility system projects. In the fiscal year, the City issued various Certificate of Obligations and Refunding Bonds in the amount of \$3,135,000 with an interest rate of 1.89%. Also, a Tax Note in the amount of \$565,000 was also issued for equipment with a stated interest rate of 1.68%. With these issuances, a large amount of interest savings will result over the term of the loans. As of September 30, 2013, the General Fund - fund balance was \$1,659,015, \$300,000 of this amount is budgeted to fund anticipated litigation expenses in the upcoming budget adopted for the General Fund for 2014 and the Utility Fund unrestricted Net Position was \$4,357,063. In addition to these amounts, the City has established and funded a capital improvement fund.

#### **ECONOMIC OUTLOOK AND FINANCIAL CONDITION**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

## Regional Economy

San Patricio County is located at the center of the Corpus Christi Bay Area on the Gulf of Mexico. Linked to Corpus Christi by the Harbor Bridge, the County is part of a three county MSA, which celebrates being the industrial area in the nation that has clean air, healthy bays and estuaries and sufficient water supplies. Coupled with abundant land and a young workforce, San Patricio is poised to be the center of growth in the region. Rail and interstate highway connectivity also link San Patricio County to Mexican and U.S. markets.

As a bedroom community to the larger City of Corpus Christi, which is to our south, our economic development is largely dependent on the growth of our industrial partners. Housing sales have remained steady in contrast to the national trend. Ingleside's housing remains affordable and in most cases is close to 10% less than a comparable property in neighboring metropolitan Corpus Christi.

The following facts reflect upon Ingleside's economic condition and outlook:

- Ingleside is the second largest city in San Patricio County, with ample space for additional growth.
- Home construction continues at a moderate pace.
- Ingleside and its adjacent lands continue to serve as plant locations for some of the nation's largest corporations:
  - Kiewit Offshore Services
  - DuPont
  - Gulf Marine Fabricators
  - OxyChem
  - Air Liquide America LP
  - Helix Energy Corporation
  - Tianjin Pipe Company
  - Voestalpine Group Steel Company
  - Cheniere LNG
- Total taxable value for all residential and commercial property in the City of Ingleside exceeded \$459.7 million for fiscal year 2013, a 23.56% increase from fiscal year 2012 of 371.6 million.
- Total sales tax collections have increased by 11.46% over the prior fiscal year as it has for most Texas cities. The overall industrial growth of the area is considered to be major factor.

Ingleside's medial household effective buying income of \$49,881 compares favorably at \$48,389 for San Patricio County and unfavorably for Texas at \$50,920.

## Current Economic Outlook and New Developments

Ingleside's general economy has been stable and is poised for significant growth. City management took quick and appropriate action in recent years to deal with the economic threats posed by the closure of Naval Station Ingleside, and has come through that difficult period with a strong financial position. In addition, the City has and continues to make improvements to infrastructure to prepare for the industrial growth now occurring.



### New developments:

China based Tianjin Pipe Company, (TPCO) a seamless steel pipe manufacturing facility has completed initial plant construction and is beginning to assemble the milling function of the plant. This one billion dollar project will be the largest Chinese project ever located in the United States. Ingleside is expected to be positively impacted as construction continues and when the plant is completed with additional vendor support businesses and the resulting expanded workforce.

The Austrian steel manufacturing company, Voestalpine AG announced plans in 2013 to construct a natural gas based direct reduction plant on the Port Corpus Christi's La Quinta Trade Gateway. A world leader in the manufacture, processing and development of sophisticated steel products, voestalpine is a leading partner to the automotive and consumer goods industries in Europe, and the oil and gas industries worldwide. Known as the Voestalpine Texas, LLC, the project calls for an investment of \$740 million dollars in the new plant, which will have the capacity to produce 2 million metric tons of hot briquetted iron (HBI) annually. Ground breaking is scheduled for 2014 and production start-up is slated for the end of 2015.

Cheniere Energy has announced that its wholly owned subsidiary, Corpus Christi Liquefaction, LLC is developing a liquefied natural gas, i.e. LNG, export terminal at one of Cheniere's existing sites that was previously permitted for a re-gasification terminal. The LNG export terminal site is located in San Patricio County, Texas, and it is anticipated that the terminal would be primarily supplied by reserves from the Eagle Ford Shale, located approximately sixty miles northwest of Corpus Christi. The proposed liquefaction project is being designed for up to three trains units capable of producing in aggregate up to 13.5M tonnes per annum, or mtpa.

### Cash Management

The City awards its depository contract through official bidding procedures for a three year period with an option to extend the contract for two additional one year periods. The current depository contract is with Frost National Bank. The remaining idle cash is invested by City officials in TexPool when the interest rates available at TexPool are higher than the depository bank. TexPool was created under the Public Funds Investment Act to provide local governments investment opportunities while protecting principal and liquidity. The total amount of interest earned across funds in 2013 was \$7,844, compared to \$9,050 in 2012 and was \$6,416 in 2011.

It is the City's Policy that all demand deposits and time deposits be secured by pledged collateral with a market value equal to no less than 100% of the deposits less an amount insured by the FDIC. Evidence of the pledged collateral is periodically obtained at a third party financial institution. Collateral is reviewed to assure the market value of the securities pledged equals or exceeds the related bank balances. All collateral is subject to inspection and audit by the City's independent auditors.

### Risk Management

The City of Ingleside risk management program has been implemented in order to minimize or eliminate any harm to the financial position of the City, any physical injury to employees or potential destruction of property by providing proper insurance coverage, safety training and safety assessment. Insurance coverage at a minimum includes:

- Worker's Compensation
- General Liability
- Law Enforcement Liability
- Public Official Errors and Omissions
- Automobile and Physical Damage
- Windstorm Damage

### Pension Plan

The City of Ingleside provides pension benefits for its employees except for firefighters through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing statutes of TRMS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) from TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2013	Plan Year 2012
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**Contributions:** Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. The employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	238,584
2. Interest on Net Pension Obligation	0
3. Adjustment to the ARC	0
4. Annual Pension Cost (APC)	238,584
5. Contributions Made	238,584
6. Increase (Decrease) in net pension obligation	0
7. Net Pension Obligation/(Asset), beginning of year	0
8. Net Pension Obligation/(Asset), end of year	0

The City has an unfunded Actuarial Accrued Liability overall but did not have a current year variance. See notes to financial statements for additional information.

#### Employee Health Plan

The City of Ingleside provides health insurance benefits to qualifying employees and their dependents through the Texas Municipal League Intergovernmental Employee Benefits Pool (the Pool). The Pool provides a full menu of cost-effective health related coverage to employees of political subdivisions throughout the State of Texas.

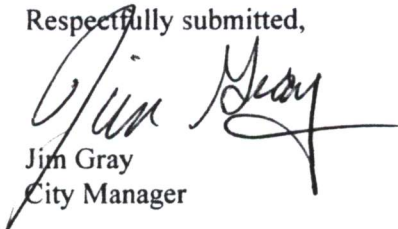
### **OTHER INFORMATION**

#### **Acknowledgments**

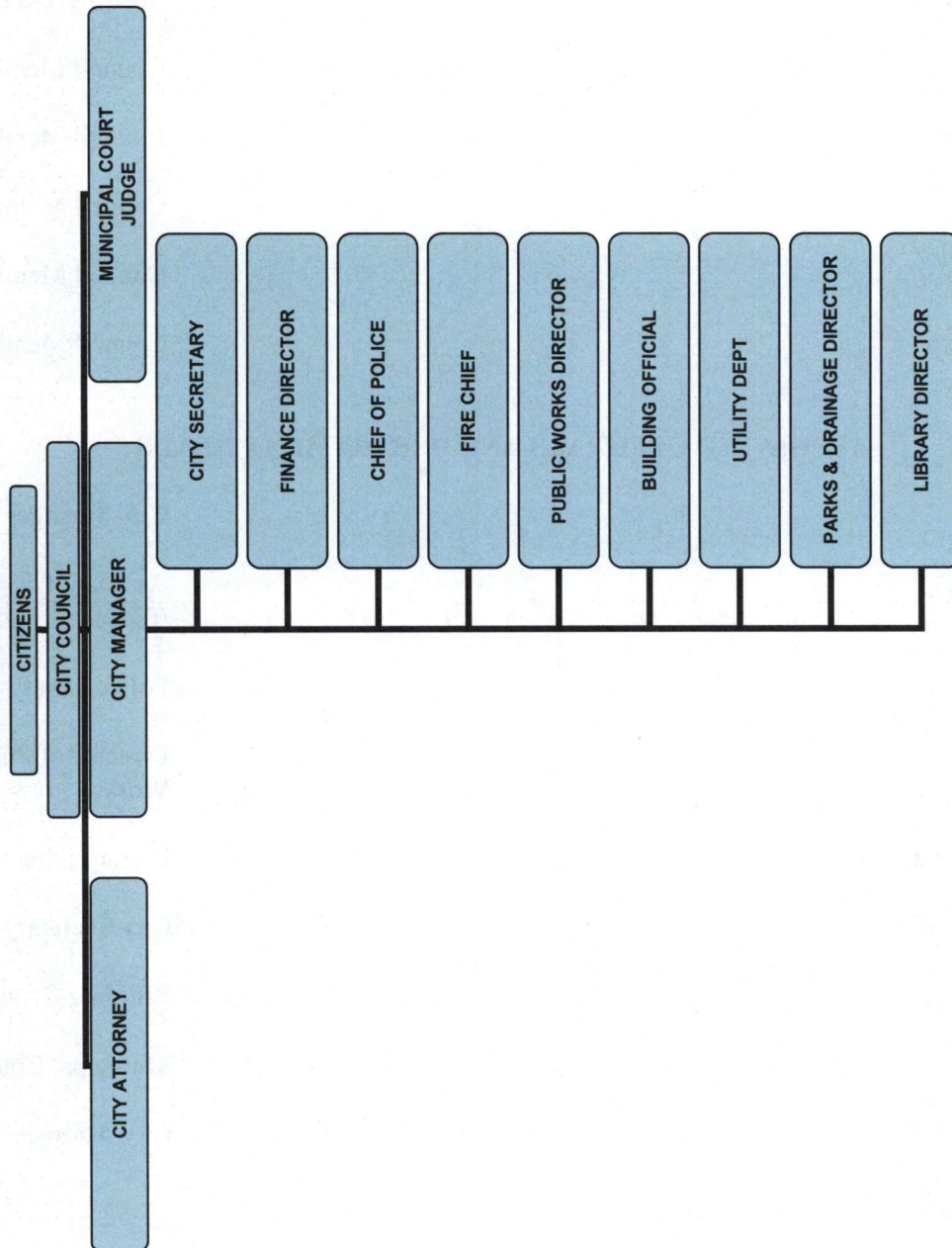
The City of Ingleside is blessed to have a workforce of hardworking and dedicated employees who take pride in their service to the citizens, taxpayers and business partners. Their dedication and hard work are appreciated.

The members of the City Council, and Citizens, are to be thanked for their active participation and support in the operations of the City. Working together, the community has worked through difficult times, made progress to prepare for the future and is ready to fully capitalize on the economic growth that will come with the industrial advances on the north side of Corpus Christi Bay. The people of Ingleside can be proud of the accomplishments achieved through the democratic process and active engagement of the entire community.

Respectfully submitted,

  
Jim Gray  
City Manager







## **CITY OF INGLESIDE**

### **List of Principal Officials**

#### **ELECTED OFFICIALS**

Pete Perkins	Mayor
John F. Schack	Mayor Pro-Tem
Ben Tucker	Council Member
Cynthia Wilson	Council Member
Paul Pierce	Council Member
Willie Vaden	Council Member
Eliane W. Kemp	Council Member

#### **APPOINTED OFFICIALS AND DEPARTMENT HEADS**

Jim Gray	City Manager
Paul Baen, CPA	Assistant City Manager /Finance Director
Stan Bynum	Police Chief
Donald Paty	Director of Public Works
Belinda Casanova	Library Director
Kimberly Drysdale	City Secretary/ HR
John Davis	Building Official
Cheryl Deal	Municipal Court Judge
Michael E. Morris	City Attorney

## **FINANCIAL SECTION**





**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

10201 Leopard #A  
Corpus Christi, Texas 78410  
Bus. (361) 241-2452  
Fax No. (361) 242-1525  
Toll Free 1-800-241-1272



6102 Ayers St. #106  
Corpus Christi, Texas 78415  
Bus. (361) 723-0685  
Fax (361) 723-0689

**Unmodified Opinions on Basic Financial Statements Accompanied by Required Supplementary Information  
and Other Information—State or Local Governmental Entity**

**Independent Auditor's Report**

The Honorable Mayor,  
Members of City Council  
City of Ingleside, Texas

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, Texas, as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, Texas, as of September 30, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis and budgetary comparison information* on pages 21-28 and 38-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ingleside' basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information, such as the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *combining and individual non-major fund financial statements and schedule of expenditures of federal awards*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements and schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The *statistical section* has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2014 on our consideration of the City of Ingleside' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ingleside internal control over financial reporting and compliance.

Ernest R. Garza & Company, P.C. CPA's  
Corpus Christi, Texas

January 29, 2014



**CITY OF INGLESIDE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

This discussion and analysis of the City of Ingleside's financial performance is intended to provide an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2013. The reader is encouraged to consider the information presented here in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

**FINANCIAL HIGHLIGHTS**

- On a City wide basis, the City's liquidity changed from \$6,191,223 to \$6,475,098 during the past year.
- The City's total debt increased by \$.076 million during 2013 from \$5.814 million to \$5.822 million. The Council passed a Certificate of Obligation Refunding Bonds Series 2012 in the amount of \$3,135,000 during the fiscal year.
- As of September 30, 2013, the City of Ingleside's General Fund reported ending fund balance of \$1,659,015 compared to \$1,361,627 in the prior year. (Exhibit C-3)
- As of September 30, 2013, the City of Ingleside's governmental funds reported combined ending fund balance of \$2,871,873 compared to \$2,286,859 in the year before. (Exhibit C-3)
- The Net Position of the City of Ingleside exceeded its liabilities at the close of the fiscal year ending September 30, 2013 for governmental and enterprise funds from \$30,073,875 to \$31,339,465, an increase of \$336,705 in the governmental activities and \$928,885 for the business-type activities for a total increase of \$1,265,590 from the prior year. (Exhibit B-1)

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis serves as an introduction to the City of Ingleside's basic financial statements. The City of Ingleside's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the City of Ingleside's finances, in a manner similar to a private-sector business.

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SEPTEMBER 30, 2013**

The Statement of Net Position presents information on all of the City of Ingleside's assets and liabilities, with the difference between the two reported as Net Position (formerly Net Assets, changed to Net Position for GASB 63 and 65). Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the City of Ingleside is improving or deteriorating. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. To assess the overall health or financial condition of the City, other non financial factors should be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc).

The Statement of Activities presents information showing how the City's Net Position changed during the most recent fiscal year. All changes in Net Position are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxed and earned but not used vacation leave). Both the Statement of Net Position and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- Governmental Activities - Most of the City's basic services are reported here, including the police, fire, library, building and inspections, sanitation, code enforcement, parks and recreation and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- Business type Activities - the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.
- Blended Component Units - The City of Ingleside Development Corporation was formed to promote economic development within the City and to administer the distribution of the proceeds of any developmental bonds issued and certain development sales taxes received on behalf of the City. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund.

#### Reporting the City's Most Significant Funds

#### **Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds- not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City has established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds- governmental and propriety- utilize different accounting guidelines.

**CITY OF INGLESIDE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

- **Governmental Funds-** the majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provided a detailed short term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

By comparing information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government's near term operating decisions. The relationships or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statement.

The City of Ingleside maintains eleven individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Local Redevelopment Authority Fund all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated non major fund presentation. Individual fund data for each of these non major governmental funds is provided in the form of combining statements elsewhere in this report.

- **Proprietary Funds-** the City charges customers for the services it provides. These services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. In prior years the internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies or services for the City's other programs and activities. Because these services benefit both governmental as well as business type functions, their cost has been included in both the governmental and business type activities in the government-wide financial statements.

#### **Notes to the Financial Statements**

These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**CITY OF INGLESIDE, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2013**

**Other Information**

In addition to basic financial statement and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees and budgetary comparative information for the general fund.

**The City as a Whole- Government-wide Financial Analysis**

The City's combined Net Position were \$31.3 million as of September 30, 2013 compared to \$30.1 million as of September 30, 2012. Analyzing the Net Position and net expenses of governmental and business-type activities separately, the business type activities Net Position are \$19.1 million. The analysis focuses on the Net Position (Table 1) and changes in general revenues (Table 2) and significant expenses of the City's governmental and business type-activities.

By far the largest portion of the City's Net Position reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, equipment, and furniture), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table I  
CITY OF INGLESIDE, TEXAS  
STATEMENT OF NET POSITION

	Governmental Activities		Business Type Activities	
	2013	2012	2013	2012
Current and other assets	4,221,472	3,820,467	8,753,869	7,288,009
Capital assets	11,368,301	11,237,579	16,168,822	15,512,679
Total assets	15,589,773	15,058,046	24,922,691	22,800,688
Long-term liabilities	1,590,000	1,446,000	3,360,000	3,760,000
Other liabilities	1,723,419	1,672,397	2,499,580	906,462
Total liabilities	3,313,419	3,118,397	5,859,580	4,666,462
Net Position:				
Invested in capital assets net of related debt	9,438,301	9,646,312	14,216,620	13,285,972
Restricted	509,766	522,415	159,501	390,607
Commitments	716,006	417,633	329,927	152,955
Unrestricted	1,612,281	1,353,289	4,357,063	4,304,692
Total Net Position	12,276,354	11,939,649	19,063,111	18,134,226

Table II  
CITY OF INGLESIDE, TEXAS  
CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	2013	2012	2013	2012
<b>Revenues:</b>				
Property Taxes, Penalties & Interest	3,101,570	3,037,265	-	-
Sales Tax	1,468,678	1,330,328	-	-
Franchise Taxes	378,985	423,370	-	-
Charges for Services	1,167,480	1,173,756	4,097,471	4,249,843
Other Taxes	18,508	16,097	-	-
Licenses and Permits	88,178	112,644	-	-
Grants & Contributions Not Restricted	697,936	506,962	485,020	22,222
Investment Earnings	989	972	4,534	5,031
Other Revenue - net	126,515	66,152	-	294,608
<b>Total Revenue</b>	<b>7,048,839</b>	<b>6,667,546</b>	<b>4,587,025</b>	<b>4,571,704</b>
<b>Expenses:</b>				
General Government	1,149,338	1,087,412	-	-
Public Safety	1,714,265	1,770,607	-	-
Public Works	2,024,941	1,765,328	3,354,622	3,496,090
Cultural and Recreational	1,028,367	918,017	-	-
Economic Development	904,590	725,403	-	-
Bond Interest and Fiscal Agent Fees	81,562	87,707	112,589	168,086
<b>Total Expenses</b>	<b>6,903,063</b>	<b>6,354,474</b>	<b>3,467,211</b>	<b>3,664,176</b>
Increase (Decrease) in Net Position before transfers and special items	145,776	313,072	1,119,814	907,528
Prior Period Adjustment	-	-	-	-
Transfers	190,929	(90,107)	(190,929)	90,107
<b>Total Net Changes in Net Position</b>	<b>336,705</b>	<b>222,965</b>	<b>928,885</b>	<b>997,635</b>
Net Position at beginning	11,939,649	11,716,683	18,134,226	17,136,591
Net Position at ending	12,276,354	11,939,649	19,063,111	18,134,226

Adjustments and reclassifications have been done for comparison purposes.

## Government Fund Activities

The City's general fund revenues increased when compared to the prior year by .74 percent or \$38,385. The assessed value of the property in the City increased by \$88.1 million from \$371,625,078 to \$459,716,712, or 23.6 percent, as compared to the prior year. In addition to ad valorem property taxes, the City collects sales taxes, franchise taxes, beverage taxes and other taxes in lieu of ad valorem taxes. General Fund sales tax revenue increased slightly by \$97,313 or 11.46 percent over the previous year due to conditions of the local economy.

**Table 3**  
**General Fund Revenues**  
**At September 30**

	<u>2013</u>	<u>2012</u>	<u>Increase</u> <u>(decrease)</u>
Taxes	\$3,864,038	\$3,829,117	\$34,921
Licenses and Permits	88,178	112,644	(24,466)
Intergovernmental	1,000	-	1,000
Charges for services	999,366	972,300	27,066
Fines and penalties	168,114	201,457	(33,343)
Other	<u>88,145</u>	<u>54,938</u>	<u>33,208</u>
Total General Revenues	<u>\$5,208,840</u>	<u>\$5,170,455</u>	<u>\$38,385</u>

The most significant governmental expense for the City was in public safety and sanitation. The public safety (Police & Fire) incurred expenses \$1,724,092. Police accounted for \$1,548,066 in public safety expense and Fire accounted for \$176,026 in public safety expense.

## Enterprise Fund Activities

Revenues of the City's Utility Funds were \$4.1 million for the fiscal year ending September 30, 2013. Operating expenses were \$3.35 million for the year, resulting in net revenues of \$.74 million after depreciation but before transfers out. The most significant expense of the Utility Fund was \$.997 million to purchase water and \$.817 million in salaries and benefits.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of the fiscal year 2013, the City of Ingleside had nearly \$51.6 million invested in a broad range of capital assets, including police and fire equipment building, land, park facilities, roads, bridges, vehicles, and water and sewer lines, (See Table 4.) The bulk of the new additions were for the expansion of the infrastructure and utility improvements.



**Table 4**  
**Capital Assets before Depreciation**  
**At September 30**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$3,836,406	\$3,836,406	\$329,494	\$329,494	\$4,165,900	\$4,165,900
Building and Improvements	5,655,301	5,655,302	488,883	475,080	6,144,184	6,130,382
Machinery and Equipment	4,279,949	3,455,007	1,188,374	1,036,066	5,468,323	4,491,073
Infrastructure	6,491,107	6,491,107	-	-	6,491,107	6,491,107
Furniture and Fixtures	1,035,463	990,426	-	-	1,035,463	990,426
Water and Sewer System	-	-	27,215,855	27,011,526	27,215,855	27,011,526
Construction in Progress	-	-	1,141,775	120,357	1,141,775	120,357
Total Capital Assets	<u>\$21,298,226</u>	<u>\$20,428,248</u>	<u>\$30,364,381</u>	<u>\$28,972,523</u>	<u>\$51,662,607</u>	<u>\$49,400,771</u>

**Debt**

At year-end, the City of Ingleside had \$5.7 million in General Certifications of Obligation and Revenue Bonds as compared to \$5.7 million at the end of the prior fiscal year. Table 5 below reflects outstanding long-term debt decreased 8.04 percent.

**Table 5**  
**Outstanding Long-Term Debt**  
**At September 30**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Tax Notes	\$565,000	0	0	0	565,000	0
General Certificates of Obligations	1,365,000	\$1,581,000	\$ 0	0	\$1,365,000	\$1,581,000
Revenue Bonds	-	-	3,775,000	4,135,000	3,775,000	4,135,000
Total Outstanding Debt	<u>\$1,930,000</u>	<u>\$1,581,000</u>	<u>\$3,775,000</u>	<u>\$4,135,000</u>	<u>\$5,705,000</u>	<u>\$5,716,000</u>

The above outstanding debt represents long term debt. The City Charter authorizes the City of Ingleside to issue bonds, when authorized by the voters or the City Council, for any purpose for which a city may issue bonds under the Constitution and laws of the State of Texas. The Charter precludes the use of bond proceeds for any other purpose other than that for which the bonds were sold. At September 30, 2013, the City did not have any other authorized but not issued bonds.

Prior to the 2007 fiscal year, the City of Ingleside designated combination tax and revenue bond debt to be serviced by the collection of property taxes. In the 2011 fiscal year, the City issued certificate of obligations in the utility fund for infrastructure purposes. In 2013, the City issued various Certification of Obligations and Refunding Bonds with an interest rate of 1.89% to order to save thousands in interest costs.

The City bond rating was changed from A- to A during the 2010 audit from Standard and Poor's Corporation.

## **THE CITY'S FUNDS**

At the close of the City's fiscal year on September 30, 2013, the governmental funds of the City reported a combined fund balance of \$2,871,873. This ending balance includes an increase in the City's General Fund Balance of \$297,389 from \$1,361,627 to \$1,659,015.

Other governmental fund balances include:

- Street Maintenance Tax Fund, increased from \$34,414 to \$73,157.
- The Ingleside Development fund balance increased from \$417,633 to \$509,766.
- The Hotel-Motel Tax Fund increased from \$344,577 to \$436,948.
- The Debt Service fund balance increased from \$23,873 to \$29,471.

In the Proprietary Funds, retained earnings changes are:

- The unrestricted Net Position of the Enterprise Funds increased \$4,304,692 to \$4,357,063.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials considered many factors when setting the fiscal year 2014 budget, tax rates and fees that will be charged for the business-type activities. The total growth of the City's commercial development and revenues remain on target. Total property tax valuations continue to increase; thus the property tax revenues are still increasing while the tax rate could decrease. Water and sewer utility rates provide adequate revenue to cover the cash expenses of the Utility fund in spite of the reduction of the military.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives from all sources. If you have questions about this report or need additional financial information, contact Jim Gray, City Manager, at the City of Ingleside, P.O. Drawer 400, Ingleside, Texas 78362.

## **BASIC FINANCIAL STATEMENTS**



**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

EXHIBIT A-1

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 3,408,947	4,224,565	7,633,512
Investments - Current	-	-	-
Receivables (net of allowance)	148,051	277,514	425,565
Prepaid Items	-	7,238	7,238
Due From Other Funds	-	2,149,860	2,149,860
Due From Others	654,310	-	654,310
Inventory	10,164	68,064	78,228
Bond Issue Cost (net)	-	203,831	203,831
Restricted Assets:			
Temporarily Restricted:			
Temporarily Restricted Assets	-	1,822,798	1,822,798
Capital Assets:			
Land	3,836,406	329,494	4,165,900
Infrastructure and Buildings, net	5,469,136	14,504,557	19,973,693
Machinery and Equipment, net	2,062,759	192,996	2,255,755
Construction in Progress	-	1,141,775	1,141,775
<b>TOTAL ASSETS:</b>	<b>\$ 15,589,773</b>	<b>24,922,692</b>	<b>40,512,464</b>
<b>LIABILITIES:</b>			
Accounts Payable & Other Current Liab.	\$ 757,843	185,812	943,655
Due to Other Funds	544,720	1,605,139	2,149,860
Due to Others	-	-	-
Accrued Liabilities	80,855	133,904	214,759
Current Bonds/Loans Payable	340,000	415,000	755,000
Payable from Restricted Assets	-	159,725	159,725
Bonds Payable - Long Term	1,590,000	3,360,000	4,950,000
<b>TOTAL LIABILITIES</b>	<b>\$ 3,313,419</b>	<b>5,859,580</b>	<b>9,172,999</b>
<b>NET POSITION:</b>			
Invested in Capital Assets	\$ 9,438,301	14,216,620	23,654,921
Restricted for Revenue Bond Retirement	-	329,927	329,927
Commitments	509,766	159,501	669,267
Restricted for Capital Project Funds	74,327	-	74,327
Restricted for Special Revenue Funds	599,294	-	599,294
Restricted for Debt Service Funds	42,384	-	42,384
Unrestricted Net Position	1,612,281	4,357,063	5,969,344
<b>TOTAL NET POSITION</b>	<b>\$ 12,276,354</b>	<b>19,063,111</b>	<b>31,339,465</b>

The notes to the Financial Statements are an integral part of this statement.

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

		Program Revenues	
		Charges For	Operating
	Expenses	Services	Grants and Contributions
<u>Primary Government:</u>			
GOVERNMENTAL ACTIVITIES:			
10 General Government	\$ 1,149,338	-	-
21 Public Safety	1,714,266	168,114	-
31 Public Works	2,024,941	999,366	-
50 Culture and Recreation	1,028,367	-	-
65 Economic Development and Assistance	904,590	-	158,097
73 Bond Interest	36,796	-	-
75 Bond Costs	44,766	-	-
TOTAL PRIMARY GOVERNMENT	\$ 6,903,064	1,167,480	158,097
BUSINESS-TYPE ACTIVITIES:			
701 Utility Fund	\$ 3,354,621	4,097,471	-
Total Business Type Activities:	\$ 3,354,621	4,097,471	-

General Revenues:

Taxes:

Property Taxes, Levied for Debt Service, Penalty, Int.

Sales Taxes

Franchise Taxes

Other Taxes

Licenses and Permits

Grants and Contributions not Restricted

Sundry Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

The notes to the Financial Statements are an integral part of this statement.

## EXHIBIT B-1

Net (Expense) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,149,338)	-	(1,149,338)
(1,546,152)	-	(1,546,152)
(1,025,575)	-	(1,025,575)
(1,028,367)	-	(1,028,367)
(746,493)	-	(746,493)
(36,796)	(112,589)	(149,385)
(44,766)		(44,766)
<u>\$ (5,577,487)</u>	<u>(112,589)</u>	<u>(5,690,076)</u>
-	742,849	742,849
-	630,260	742,849
\$ 3,101,570	-	3,101,570
1,468,678	-	1,468,678
378,985	-	378,985
18,508	-	18,508
88,178	-	88,178
539,839	485,020	1,024,859
126,515	-	126,515
989	4,534	5,524
190,929	(190,929)	-
<u>\$ 5,914,191</u>	<u>298,625</u>	<u>6,212,817</u>
<u>336,705</u>	<u>928,885</u>	<u>1,265,590</u>
11,939,649	18,134,226	30,073,875
-	-	-
<u>\$ 12,276,354</u>	<u>19,063,111</u>	<u>31,339,465</u>

**CITY OF INGLESIDE, TEXAS**  
**BALANCE SHEET**  
**GOVERNMENT FUNDS**  
**SEPTEMBER 30, 2013**

EXHIBIT C-1

	General	Ingleside Development Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Texpool Accounts	2,293,979	481,167	633,801	3,408,947
Receivables and Allowances:				
Accounts				
Assesments, Fees and Other	-	28,685	-	28,685
Hotel-Motel Tax/Other	1	-	60,779	60,780
Inventory	18,291	-	-	18,291
Due From Other Governmental Agencies				
Sales Taxes and Other	231,381	-	404,638	636,019
Ad Valorem Taxes	260,381	-	65,095	325,477
Allowance for Uncollectible Taxes	(213,513)	-	(53,378)	(266,891)
Due From Other Funds	1,245,433	-	11,269	1,256,703
Prepaid Items	10,164	-	-	10,164
<b>TOTAL ASSETS</b>	<u>3,846,118</u>	<u>509,852</u>	<u>1,122,205</u>	<u>5,478,174</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	337,237	-	253,723	590,961
Other Payables	-	-	-	-
Due to Other Funds	1,660,579	86	140,758	1,801,423
Unearned Revenues	142,418	-	12,914	155,332
<b>TOTAL LIABILITIES</b>	<u>2,140,234</u>	<u>86</u>	<u>407,395</u>	<u>2,547,716</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	46,869	-	11,717	58,586
<b>Total Deferred Inflows of Resources</b>	<u>46,869</u>	<u>-</u>	<u>11,717</u>	<u>58,586</u>
<b>FUND BALANCE</b>				
<b>Nonspendable Fund Balance</b>				
Inventory	18,291	-	-	18,291
Prepaid Items	10,164	-	-	10,164
<b>Restricted Fund Balance</b>				
Public Safety/Works	-	-	74,327	74,327
Tourism and Development	-	-	599,294	599,294
Debt Service	-	-	29,471	29,471
<b>Committed Fund Balance</b>				
Economic Development	-	509,766	-	509,766
Compensated Absences	85,327	-	-	85,327
Unassigned Fund Balance	1,545,234	-	-	1,545,234
<b>TOTAL FUND BALANCE</b>	<u>1,659,015</u>	<u>509,766</u>	<u>703,092</u>	<u>2,871,873</u>
<b>TOTAL LIAB. DEF. INFLOWS &amp; FUND BALANCE</b>	<u>3,846,118</u>	<u>509,852</u>	<u>1,122,205</u>	<u>5,478,174</u>



**CITY OF INGLESIDE, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

EXHIBIT C-2

**Total Fund Balances - Governmental Funds**

**\$ 2,871,873**

Capital assets are used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including these balances for capital assets (net of depreciation) in the governmental activities is to increase net position. At the beginning of the year, the costs of these assets were: \$ 20,428,248 and the accumulated depreciation was: \$ (9,190,669) 9,574,440

In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net position -- (1,663,139).

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the governmental-wide financial statements. The net effect of including the 2013 capital outlays and debt principal payments is to increase (decrease) net position. 510,711

The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position. (739,256)

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and the recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net position. 58,586

**Net position of Governmental Activities**

**\$ 12,276,354**

The accompanying notes are an integral part of this statement.

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

EXHIBIT C-3

	General	Ingleside Development Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	3,864,038	157,702	965,765	4,987,505
Licenses and Permits	88,178	-	-	88,178
Intergovernmental	1,000	-	696,936	697,936
Charges for Services	999,366	-	-	999,366
Fines and Penalties	168,114	-	-	168,114
Interest	-	395	595	989
Other	88,145	-	38,371	126,515
<b>TOTAL REVENUES</b>	<b>5,208,840</b>	<b>158,097</b>	<b>1,701,666</b>	<b>7,068,604</b>
<b>EXPENDITURES</b>				
Current				
General Administration	1,068,099	-	-	1,068,099
Cutural and Recreational, Tourism/Advertising/Training	613,892	-	115,000	728,892
Public Safety	2,100,482	-	2	2,100,484
Economic Development	11,594	5,144	698,681	715,419
Public Works	1,300,264	-	1,028,800	2,329,063
Debt Service				
Principal Retirement	-	55,000	215,000	270,000
Interest and Fiscal Charges	-	5,820	20,742	26,562
<b>TOTAL EXPENDITURES</b>	<b>5,094,330</b>	<b>65,964</b>	<b>2,078,224</b>	<b>7,238,519</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>114,510</b>	<b>92,133</b>	<b>(376,558)</b>	<b>(169,915)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	-	-	2,200,000	2,200,000
Transfers from Other Funds	500,000	-	301,075	801,075
Transfer to Other Funds	(317,121)	-	(293,025)	(610,146)
Payment to refunded bond escrow agent	-	-	(1,636,000)	(1,636,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>182,879</b>	<b>-</b>	<b>572,050</b>	<b>754,929</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>297,389</b>	<b>92,133</b>	<b>195,492</b>	<b>585,014</b>
<b>FUND BALANCE (Deficit), beginning of year</b>	<b>1,361,627</b>	<b>417,633</b>	<b>507,600</b>	<b>2,286,859</b>
Prior Period Adjustment	-	-	-	-
<b>FUND BALANCE, end of year</b>	<b>1,659,015</b>	<b>509,766</b>	<b>703,092</b>	<b>2,871,873</b>

**CITY OF INGLESIDE, TEXAS**

**RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013**

EXHIBIT C-4

<b>Total Net Change in Fund Balances - Governmental Funds</b>	<b>\$ 585,014</b>
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2013 capital outlays and debt principal payments is to increase (decrease) net position.	510,711
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(739,256)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue as revenue adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds from bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions as to increase (decrease) net position.	(19,764)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ <u>336,705</u></b>

The accompanying notes are an integral part of this statement.

## CITY OF INGLESIDE, TEXAS

EXHIBIT C-5

## GENERAL FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

## BUDGET (GAAP) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2013 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2012

	2013			2012
	BUDGETED AMOUNTS		Variance With Final Budget Positive/Negative	Actual
	Original	Final	Actual	
REVENUES				
Taxes	3,751,696	3,751,696	3,864,038	112,342
Licenses and Permits	79,350	79,350	88,178	8,828
Intergovernmental	-	-	1,000	1,000
Charges for Services	941,550	941,550	999,366	57,816
Fines and Penalties	187,500	187,500	168,114	(19,386)
Other	40,148	40,148	88,145	47,997
Total Revenues	5,000,244	5,000,244	5,208,840	208,596
EXPENDITURES				
Current				
General Administration	1,511,917	1,511,917	1,068,099	443,818
Public Safety	2,242,341	2,242,341	2,100,482	141,859
Public Works	1,362,313	1,362,313	1,300,264	62,050
Culture and Recreation	680,413	680,413	613,892	66,521
Economic Development	17,100	17,100	11,594	5,506
Total Expenditures	5,814,084	5,814,084	5,094,330	719,754
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(813,840)	(813,840)	114,510	928,350
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	500,000	500,000	500,000	-
Transfers (To) Other Funds	0	0	(317,121)	(317,121)
Transfers From (To) Other Funds	500,000	500,000	182,879	(317,121)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(313,840)	(313,840)	297,389	611,229
FUND BALANCE, beginning of year	1,361,627	1,361,627	1,361,627	-
Prior Period Adjustment	-	-	-	-
FUND BALANCE, end of year	1,047,787	1,047,787	1,659,015	611,229

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE DEVELOPMENT FUND**  
**SCHEDULES OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE- BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR 2012**

Exhibit C-6

	2013			2012
	BUDGETED AMOUNTS		Final Budget Variance	Actual
	Original	Final	Actual	
REVENUES				
Sales Tax	130,059	130,059	157,702	141,650
Interest	429	429	395	436
Total Revenues	130,488	130,488	158,097	142,086
EXPENDITURES				
Advertising and Training, Development	22,000	22,000	5,144	871
Debt Service:				
Certificate Principal	55,000	55,000	55,000	50,000
Interest on CO's	5,820	5,820	5,820	21,975
Fiscal Agent Fees	1,000	1,000	0	0
Other	0	0	0	0
Total Expenditures	83,820	83,820	65,964	72,846
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,668	46,668	92,133	69,240
OTHER FINANCING SOURCES (USES)				
Other Sources - Transfers In	0	0	0	0
Other Sources - Transfers (Out)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	46,668	46,668	92,133	69,240
FUND BALANCE, beginning of year	417,633	417,633	417,633	348,393
FUND BALANCE, end of year	464,301	464,301	509,766	417,633

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

EXHIBIT D-1

	Business-Type Activities Enterprise Fund <hr/> Utility Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	4,224,565
Receivables and Allowances Accounts	
Water and Wastewater Billings	450,390
Assessments	9,449
Other	45,152
Allowance for Uncollectible Accounts	(227,477)
Due from Other Funds	2,149,860
Bond Issue Cost (Net)	203,831
Prepaid Items	7,238
Inventory	68,064
Total Current Assets	<hr/> 6,931,071 <hr/>
Non-Current Assets:	
Restricted Assets:	
Cash and Cash Equivalents	
Bond Projects	1,333,369
Meter Deposits	159,501
Revenue Bond Reserves/Sinking Fund	329,927
Total Non-Current Assets	<hr/> 1,822,798 <hr/>
Capital Assets	
Land	329,494
Construction in Progress	1,132,448
Buildings	475,080
Water System	6,689,367
Sewer System	20,549,619
Vehicles	931,984
Furniture and Equipment	256,392
Total Capital Assets	<hr/> 30,364,384 <hr/>
Less Accumulated Depreciation	(14,195,561)
Net Capital Assets	<hr/> 16,168,822 <hr/>
<b>TOTAL ASSETS</b>	<hr/> 24,922,692 <hr/>

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

**EXHIBIT D-1**  
**continued**

	Business-Type Activities Enterprise Fund
	Utility Fund
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	185,812
Accrued Liabilities	114,909
Compensated Absences	18,995
Due to Other Funds	1,605,139
Other Payables	-
Capital Leases Payable	-
Current Portion of Revenue Bonds Payable	415,000
Customer Meter Deposits	159,725
	<u>2,499,580</u>
Total Current Liabilities	
	<u>2,499,580</u>
Liabilities (Payable from Restricted Assets):	
Long-Term Liabilities	
Revenue Bonds Payable	3,360,000
Total Long-Term Liabilities	<u>3,360,000</u>
	<u>3,360,000</u>
Total Liabilities	<u>5,859,580</u>
	<u>5,859,580</u>
<b>NET POSITION</b>	
Invested in Capital Assets	14,216,620
Restricted for:	
Revenue Bond Retirement	329,927
Commitments	159,501
Unrestricted	4,357,063
Net Position	<u>19,063,111</u>
	<u>19,063,111</u>

The accompanying notes to financial statements are an integral part of this statement.

**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

EXHBIT D-2

	Business-Type Activities Enterprise Fund Utility Fund
<b>OPERATING REVENUES</b>	
Water Sales	2,329,180
Sewer Sales	1,480,165
Other Fees and Charges	288,125
Total Operating Revenues	<u>4,097,471</u>
<b>OPERATING EXPENSES</b>	
Personnel Costs	817,404
Contracted Services	379,905
Supplies	89,063
Maintenance	168,491
Self Insurance Claims & Administration	-
Other Operating Expenses	139,396
Water Purchased	996,710
Depreciation	735,717
Amortization	27,936
Total Operating Expenses	<u>3,354,621</u>
Net Operating Income	<u>742,849</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Sale of Assets	-
Refunding Bonds Issued	-
Payments to Escrow Agents	-
Grant Income	485,020
Interest Income	4,534
Interest and Fiscal Charges	(112,589)
Net Non-Operating Revenues (Expenses)	<u>376,965</u>
Income Before Transfers	<u>1,119,814</u>
Transfers in	1,243,766
Transfers (out)	(1,434,695)
Total Transfers in (out)	<u>(190,929)</u>
Change in Net Assets	<u>928,885</u>
Prior Period Adjustment	<u>-</u>
NET POSITION - BEGINNING OF YEAR	<u>18,134,226</u>
NET POSITION - END OF YEAR	<u><u>19,063,111</u></u>



**CITY OF INGLESIDE, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

EXHBIT D-3

	Business-Type Activities Enterprise Fund Utility Fund
Cash flow from operating activities:	
Cash received from customers	3,202,740
Cash received from other funds for services	-
Cash payments to suppliers for goods and services	(222,743)
Cash payments to employees for services	(815,107)
Other adjustments	-
Net cash provided by operating activities	2,164,890
Cash flows from noncapital financing activities:	
Transfers to other funds	(190,929)
Cash Flows from Capital and Related Financing Activities:	
Net Refunds bonds/costs	-
Grant Proceeds	485,020
Principal Payment on bonds	(360,000)
Interest and Fiscal Charges Paid	(112,589)
Purchase of Capital Assets	(1,431,391)
Prior period adjustment	-
Net Cash (Used) Generated for Capital and Related Financing Activities	(1,418,960)
Cash Flows from Investing Activities- Interest Income	4,534
Net Increase (Decrease) in Cash and Cash Equivalents	559,535
Cash and Cash Equivalents at Beginning of Year	5,487,829
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,047,364
Reconciliation of Operating Income to Net Cash	
Operating Activities	
Operating Income	742,849
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities:	
Depreciation	735,717
Amortization	27,936
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable (Net)	51,280
(Increase) Decrease in Due from Other Funds	(952,038)
(Increase) Decrease in Due from Other Governments	-
(Increase) Decrease in Prepaid Items	(3,040)
(Increase) Decrease in Inventory	9,066
Increase (Decrease) in Accounts Payable	(6,844)
Increase (Decrease) in Accrued Liabilities	16,977
Increase (Decrease) in Due to Other Funds	1,532,508
Increase (Decrease) in Capital Leases Payable	-
Increase (Decrease) in Compensated Absences	2,297
Increase (Decrease) in Customer Deposits	8,180
Net Cash Provided by Operating Activities	2,164,890



**NOTES TO FINANCIAL STATEMENTS**

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Ingleside, Texas, (the "City") was incorporated on June 18, 1951 under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Prior to 2010, members were elected at large, after 2010 members are elected under a place format. The City provides the following services: public safety (police and fire), highways and streets, sanitation, waterworks, cultural and recreation, public improvements, planning and zoning, and general and administrative services. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the City operations and so data from these units are combined with data from the City. If applicable, discretely presented units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

**Blended Component Units**

The City of Ingleside Development Corporation (the Corporation) was formed to promote economic development within the City and to administer the distribution of the proceeds of any development bonds issued and certain development sales taxes received on behalf of the City. The City Council appoints a seven-member board of directors of which four are council members. The operational and capital budget must be approved by the City Council. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund. The Corporation does not issue separate financial statements. Additional financial information can be obtained at City Hall.

On April 8, 2009, the City Council adopted Resolution 950 creating the Ingleside Local Development Corporation for the purpose of facilitating the development, assisting and acting on behalf of the City to cause and arrange for the design, development, construction, implementation financing and operation of a master planned community with an architecturally controlled commercial town center on a 1200 acre tract within the City of Ingleside. As proposed, the public improvements within this tract were to be funded through the creation of the Ingleside Tax Increment Reinvestment Zone #1 (TRZ#1). Due to a change in the economic environment, the original development plan did not come to fruition and an alternate development of the property is being implemented. As a result, the TRZ#1 is being dissolved and appropriate zoning for the land formerly in the Zone has been approved by the City Council.

**Discretely Presented Component Unit**

There are no component units, which require discrete presentation

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**Related and Jointly Governed Organizations**

Organizations that are administered by separate boards or commissions provide services within the City. However, the City is not financially accountable for these organizations. Therefore, they are not component units of the City, even if the City Council could appoint a voting majority of the organizations' board. Consequently, financial information for the Coastal Bend Council of Governments and in the Ingleside Chamber of Commerce is not included in these financial statements.

The City complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**B. Government-wide and fund financial statements**

The government-wide financial statements (the statement of Net Position and the statement of activities) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has been removed from these statements. However, any inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are the consumption of net assets by the government that is applicable to a future reporting period and deferred inflows of resources are the acquisition of net assets by the government that is applicable to a future reporting period. Deferred outflows of resources and deferred inflows of resources are incorporated into the definitions of the required components of the residual measure and that measure is renamed as net position, rather than net assets. GASB 63 is effective for the current fiscal year. The City is reflecting the applicable deferred outflows or inflows as required, net assets have been renamed as net position.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**Fund Financial Statements:**

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

**General Fund-**

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds:

**Utility Fund-**

The Utility Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the City reports the following fund types:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**C. Measurement Focus/Basis of Accounting**

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of Net Position and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenue as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt services expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

**D. Encumbrances/Commitments**

Encumbrances represent commitments related to unperformed contracts for goods and services. There are no significant encumbrances outstanding at September 30, 2013 which are not reflected.

Committed Fund Balances – Obligations of a fund for a future period(s) have been shown as a commitment of Fund Balance.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**E. Cash and Investments**

The City can legally invest in certificates of deposit, obligations of the U.S. Government and its Agencies or instrumentalities, State obligations, local government investment pools and certain money market funds.

The City has implemented GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." As a governmental entity other than an external investment pool, in accordance with GASB 31 the City's investments are stated at market value, except for money market investments with remaining maturity of one year or less when purchased and nonparticipating interest earning investment contracts.

For purposes of the statement of cash flows, the enterprise funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

**F. Prepaid Items**

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

**G. Inventories**

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

**H. Inter-fund Receivables and Payables**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**I. Transactions Between Funds**

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.



**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**J. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period on capital assets. Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	10-50 Years
Water and Sewer System	20-50 Years
Infrastructure	20-30 Years
Machinery and Equipment	5-10 Years
Improvements	10-20 Years
Vehicles	5-10 Years

**K. Compensated Absences**

In proprietary fund types, accumulated unpaid compensated absences are accrued when incurred. The accruals are reported as liabilities and expenses for the year incurred. The liability in the governmental fund types is recorded only in the Government-wide Financial Statements. The amount expected to be paid from current resources is not considered to be significant. The City allows employees to accumulate up to a maximum of 960 hours of sick leave. However, sick days do not vest, and accordingly, employees can be paid sick leave only when sick. Since an employee's right to receive compensation for future absences is contingent upon the absences being caused by future illnesses and since amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements. Up to 15 days of accumulated earned vacation will be paid to an employee upon termination.

**L. Net Position and Fund Equity, Commitments**

In the government-wide financial statements and proprietary funds financial statements, Net Position are reported in three categories: Net Position invested in capital assets, net of related debt; restricted Net Position; and unrestricted Net Position. Net Position invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt.

Committed Fund Equity/Net Position – Obligations of fund equity/Net Position for a future period(s) have been shown as a commitment of Fund Equity/Net Position.

**CITY OF INGLESIDE, TEXAS  
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In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**M. Use of Estimates**

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**II Reconciliation of Government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of Net Position.**

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the Net Position for governmental activities as reported in the government-wide statement of Net Position. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Position</u>
Land	3,836,406	-	3,836,406	
Buildings	5,655,302	(1,508,492)	4,146,810	
Furniture & Fixtures	990,426	(295,365)	695,061	
Machinery and Equipment	3,455,007	(2,522,490)	932,517	
Construction in Progress	-	-	-	
Infrastructure	<u>6,491,107</u>	<u>(4,864,322)</u>	<u>1,626,785</u>	
Change in Net Position	20,428,248	(9,190,669)		<u>11,237,579</u>
 <u>Long-term Liabilities</u>				
<u>at the Beginning of the year</u>				
Bonds and Loans Payable	1,581,000			
Comp. Absences & Other	<u>82,139</u>			
Change in Net Position	1,663,139			<u>(1,663,139)</u>
Net Adjustment to Net Position				<u>9,574,440</u>

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.**

Exhibit C-4 provides the reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in Net Position of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in Net Position. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Current Year Capital Outlay</u>			
Land			
Buildings & Improvements	-	-	-
Furniture & Equipment	824,941	824,941	824,941
Infrastructure	45,037	45,037	45,037
Construction in Progress			
Total Capital Outlay	<u>869,978</u>	<u>869,978</u>	<u>869,978</u>
<u>Debt Principal Payments</u>			
Bond Principal – net	(349,000)	(349,000)	(349,000)
Loan Principal			
Capital Lease Payments			
Other	<u>(10,267)</u>	<u>(10,267)</u>	<u>(10,267)</u>
Total Principal Payments	<u>(359,267)</u>	<u>(359,267)</u>	<u>(359,267)</u>
Total Adjustment to Net Position	<u>1,129,245</u>	<u>1,129,245</u>	<u>1,129,245</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Position</u>	<u>Adjustments to Net Position</u>
<u>Adjustments to Revenue and Deferred Inflows</u>			
Taxes Collected from Prior Year Levies	87,242	87,242	87,242
Uncollected taxes(assumed collectible) from Current Year			
Levy	(58,586)	(58,586)	(58,586)
Uncollected Taxes (assumed collectible) from Prior Year			
Levy	(236,912)	(236,912)	(236,912)
Other			
Total	<u>(208,256)</u>	<u>(208,256)</u>	<u>(208,256)</u>

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**III Stewardship, Compliance and Accountability**

**I CASH AND INVESTMENTS**

**Legal and Contractual Provisions Governing Deposits and Investments**

The Public Funds Investment Act (Texas Government Code Charter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial Compliance with the requirements of the Act and with local policies.

**A. Cash Deposits**

At September 30, 2013, the carrying amount of the City's deposits (cash, Tex-Pool, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$10,001,388 and the bank balance was \$9,456,310. The City's cash deposits at September 30, 2013 and during the period ended September 30, 2013, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

**B. Investments**

As of September 30, 2013, the City had the following investments and maturities:

Investment Maturities (In Years)				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
U.S. Treasury Money Markets	-	-	-	-
Investment Pools:				
Investment in Tex-Pool	<u>\$7,638,886</u>	<u>7,638,886</u>	<u>-</u>	<u>-</u>
Total Fair Value	<u>\$7,638,886</u>	<u>7,638,886</u>	<u>-</u>	<u>-</u>

**CITY OF INGLESIDE, TEXAS  
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Interest Rate Risk- In accordance with state law and City policy, the City does not purchase any investments with maturities greater than 10 years.

Credit Risk- In accordance with state law and the City's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City's investments in investment pools were rated AAA.

Concentration of Credit Risk- the City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

**2. CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2013, was as follows:

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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	Balance October 1 <sup>st</sup>	Additions/ Completion	Retirements/ Adjustments	Balance 30-Sep
<b>Governmental Activities:</b>				
Capital assets, not being depreciated				
Land	\$3,836,406	-	-	\$3,836,406
Construction in Progress	0	-	-	0
Total capital assets, not being depreciated	<u>\$3,836,406</u>	<u>-</u>	<u>-</u>	<u>\$3,836,406</u>
Capital assets, being depreciated				
Building and Improvements	5,655,302	-	-	5,655,302
Machinery and Equipment	3,455,007	824,941	-	4,279,949
Furniture and Fixtures	990,426	45,037	-	1,035,463
Infrastructure	6,491,107	-	-	6,491,107
Total capital assets, being depreciated	<u>\$16,591,842</u>	<u>869,978</u>	<u>-</u>	<u>\$17,461,820</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,508,492)	(160,324)	-	(1,668,817)
Machinery and Equipment	(2,522,490)	(333,700)	-	(2,856,190)
Furniture and Fixtures	(295,395)	(56,060)	-	(351,425)
Infrastructure	(4,864,322)	(189,172)	-	(5,053,494)
Total accumulated Depreciation	<u>(\$9,190,669)</u>	<u>(739,256)</u>	<u>-</u>	<u>(\$9,929,926)</u>
Total capital assets, being depreciated, net	<u>\$7,401,173</u>	<u>(130,722)</u>	<u>-</u>	<u>\$7,531,894</u>
Governmental activities capital assets, net	<u>11,237,579</u>	<u>(130,722)</u>	<u>-</u>	<u>\$11,368,300</u>
<b>Business-type Activities:</b>				
Capital assets, not being depreciated				
Land	\$329,494	-	-	\$329,494
Construction in Progress	120,357	1,021,418	-	1,141,775
Total capital assets, not being depreciated	<u>\$449,851</u>	<u>1,021,418</u>	<u>-</u>	<u>\$1,471,269</u>
Capital assets, being depreciated				
Buildings	475,079	13,804	-	475,079
Water System	6,471,234	204,329	-	6,656,135
Sewer System	20,540,291	-	-	20,540,291
Vehicles	791,174	152,309	-	863,254
Furniture and Equipment	244,891	-	-	256,391
Total capital assets, being depreciated	<u>28,522,670</u>	<u>370,442</u>	<u>-</u>	<u>28,791,150</u>
Less accumulated depreciation for:				
Buildings	(383,574)	(9,963)	-	(393,537)
Water System	(3,821,202)	(171,354)	20	(3,992,556)
Sewer System	(8,282,257)	(531,831)	-	(8,814,088)
Vehicles	(207,056)	(6,664)	-	(213,720)
Furniture and Equipment	(765,753)	(15,905)	-	(781,658)
Total accumulated depreciation	<u>(12,459,842)</u>	<u>(735,717)</u>	<u>20</u>	<u>(14,195,559)</u>
Total capital assets, being depreciated, net	<u>\$15,062,828</u>	<u>(365,275)</u>	<u>20</u>	<u>14,697,553</u>
Business-type activities capital assets, net	<u>\$15,512,679</u>	<u>656,143</u>	<u>20</u>	<u>16,168,822</u>

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	\$ 70,972
Cultural and recreational	130,867
Public Safety	299,475
Public Works	48,771
Streets-Infrastructure	<u>189,171</u>
Total depreciation expense- Governmental activities	<u>\$739,256</u>
Business-type activities:	
Water	\$187,620
Sewer	548,097
Total depreciation expense- Business-type activities	<u>\$735,717</u>

**3. LONG-TERM DEBT**

At September 30, 2013, bonds payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
2012 General Obligation Refunding Bonds, Series 2012, due in annual installments through February 1, 2018, bearing interest rate of 1.890%. (Original Debt \$1,220,000) - See Note 1 below	1,005,000	--
2012 General Obligation Refunding Bonds, Series 2012, due in annual installments through February 1, 2022, bearing interest rate of 1.890%. (Original Debt \$1,500,000) - See Note 1 below	--	1,475,000
2002- A Waterworks and Sewer System Revenue Bonds, Due in annual installments through February 1, 2015, Bearing interest rates of 4.75% to 5.9%. (Original debt \$285,000)	--	60,000
2007 Utility System Combination Tax and Revenue Bonds, due in annual Installments through February 1, 2020, bearing interest Rate of 4.50% (Original debt \$1,670,000)	--	1,025,000
2011 Utility System Certificate of Obligations, due in annual Installments through February 1, 2024, bearing interest Rate of 3.12% (Original debt \$1,350,000)	--	<u>1,215,000</u>
Total Bonds Payable	<u>1,005,000</u>	<u>3,775,000</u>

Note 1 - These bonds are being refunded in the post audit period.

Continued-

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

2012 Tax Note – General Fund, Series 2013,  
due in annual installments through February 1, 2020,  
bearing interest rate of 1.890%.

(Original Debt \$565,000) - See Note 1 below 565,000 --

EDC - 2012 General Obligation Refunding Bonds, Series 2012,  
due in annual installments through February 1, 2020,  
bearing interest rate of 1.890%.

(Original Debt \$415,000) - See Note 1 below 360,000 --

**LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2013:

	BALANCE			BALANCE	DUE WITHIN ONE YEAR
	1-Oct	ADDITIONS	REDUCTIONS	30-Sep	
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Bonds–EDC	\$0	\$415,000	\$55,000	\$360,000	55,000
Certificates of Obligation	1,581,000	1,220,000	1,796,000	1,005,000	210,000
Tax Note	0	565,000	0	565,000	75,000
Compensated Absences	82,139	10,267	10,267	92,406	11,551
Total Governmental Activities	<u>\$1,663,139</u>	<u>\$2,210,267</u>	<u>\$1,851,000</u>	<u>\$2,022,406</u>	<u>\$351,551</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
Revenue Bonds/Cert. of Obligations	\$4,135,000	\$1,500,000	1,860,000	\$3,775,000	\$375,000
Capital Leases	-	-	-	-	-
Compensated Absences	16,698	8,349	-	25,047	12,524
Total Business-Type Activities	<u>4,151,698</u>	<u>\$1,508,349</u>	<u>1,860,000</u>	<u>\$3,800,047</u>	<u>427,524</u>
Total Government	<u>\$5,814,837</u>	<u>\$3,718,616</u>	<u>3,711,000</u>	<u>\$5,822,453</u>	<u>\$779,074</u>



**CITY OF INGLESIDE, TEXAS  
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FOR THE YEAR ENDED SEPTEMBER 30, 2013**

The annual requirements for bonds for years subsequent to September 30, 2013, are as follows:

YEAR ENDING 30-Sep	GOVERNMENTAL ACTIVITIES GENERAL/ CERTIFICATE OBLIGATIONS			BUSINESS-TYPE ACTIVITIES REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2014	340,000	32,156	372,156	415,000	108,706	523,706
2015	350,000	25,799	375,799	425,000	95,075	520,075
2016	355,000	19,305	374,305	405,000	81,907	486,907
2017	355,000	12,763	367,763	410,000	69,160	479,160
2018	265,000	7,071	272,071	410,000	56,204	466,204
Thereafter	<u>265,000</u>	<u>4,604</u>	<u>269,604</u>	<u>1,710,000</u>	<u>110,422</u>	<u>1,820,422</u>
TOTAL	<u>1,930,000</u>	<u>101,698</u>	<u>2,031,698</u>	<u>3,775,000</u>	<u>521,474</u>	<u>4,296,474</u>

**RESTRICTED CASH AND INVESTMENTS- UTILITY FUND**

**Revenue Bonds-**

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on the pledge of the net revenues of the water and sewer system.

The Revenue Bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts. Management of the City believes that it is in compliance with all significant financial requirements as of September 30, 2013.

The components of restricted cash and investments as of September 30, 2013 are as follows:

Meter Deposit Funds	\$ 159,501
Bond Construction	1,480,435
Revenue Bond Payment Reserve	31,768
Interest and Sinking Fund- Bonds	<u>298,160</u>
Total Restricted Cash and Investments	<u>\$1,969,863</u>

The City is fully funded in the Bond Reserve Fund and is in compliance with its bond ordinance.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**Defeased Bonds Outstanding-**

On July 11, 2007, the city issued Refunding Bonds, Series 2007 in the amount of \$1,670,000 to provide resources to purchase U.S. Government State and Local Series Securities that were placed in an irrevocable trust for the purpose of generating resources for portions of future debt service payments of certificate of obligation Series 2000. As a result, the bonds are considered to be defeased and the liability has been removed from the governmental and business type activities columns of the statement of Net Position.

In the fiscal year 2013, the City Refunding several bonds, Texas Waterworks and Sewer System Revenue Bonds, Series 2002 in the principal amount of \$1,460,000, redeemed February 1, 2013, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 1997, in the amount of \$791,000 to be redeemed on October 16, 2012, Series 1997-A, in the aggregate principal amount of \$390,000 redeemed on October 16, 2012, Series 2002 in the aggregate principal amount of \$400,000 redeemed on October 16, 2012.

**CAPITAL LEASES**

The City did not have any material or significant capital leases during the fiscal year.

Fiscal Year Ended September 30, 2013	Business-Type Activities
Total	-0-
Less amount representing interest	-0-
	<hr/>
Present value of future lease payments	-0-
	<hr/>

**4. COMMITMENTS UNDER NONCAPITALIZED LEASES**

**Operating Leases:**

The City leases equipment. Most of the leases are cancelable.

Minimum lease commitments for the next five years are immaterial.

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**5. INTERFUND TRANSACTIONS AND BALANCES**

Interfund balances at September 30, 2013 consisted of the following individual fund balances:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund:		
Special Revenue Fund	\$ 140,844	\$ 5,267
Debt Service Fund	-	-
Capital Projects Fund	-	6,003
Enterprise Funds	1,104,589	1,649,309
Internal Service Fund	-	-
Total General Fund	<u>1,245,433</u>	<u>1,660,579</u>
Special Revenue Fund		
General Fund	11,269	86
Special Revenue Funds	-	-
Total Special Revenue Fund	<u>11,269</u>	<u>86</u>
Capital Projects Fund		
General Fund	-	140,758
Special Revenue Fund	-	-
Total Capital Projects Fund	-	<u>140,758</u>
Debt Service Fund		
General Fund	-	-
Enterprise Funds	-	-
Total Debt Service Fund	-	-
Enterprise Funds		
General Fund	1,646,759	1,104,589
Enterprise Funds	<u>503,101</u>	<u>500,550</u>
Total Enterprise Funds	<u>2,149,860</u>	<u>1,605,139</u>
<b>TOTAL</b>	<b><u>\$3,406,562</u></b>	<b><u>\$3,406,562</u></b>

The interfund balances at September 30, 2013 are generally short-term loans to cover temporary cash flows and reimbursements for various funds.

**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Interfund transfers during the year ended September 30, 2013 were as follows:

Transfer In	<u>General</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>Utility</u> <u>Fund</u>	<u>Total</u>
Utility Fund	500,000	-	-	816,699	1,316,699
General Fund	-	-	301,075	-	301,075
Spec. Rev. Fund	-	-	-	134,042	134,042
Debt Service Fund	-	-	-	<u>293,025</u>	<u>293,025</u>
Total	<u>500,000</u>	-	<u>301,075</u>	<u>1,243,766</u>	<u>2,044,841</u>
Less Transfers	<u>(317,121)</u>	<u>(293,025)</u>	-	<u>(1,434,695)</u>	<u>(2,044,841)</u>
Net Transfers	<u>182,879</u>	<u>(293,025)</u>	<u>301,075</u>	<u>(190,929)</u>	-

The Utility Fund transfers to the General Fund were for an allocated amount for administrative service charges, payments in lieu of taxes and the transfer from the Debt Service Fund to the Utility Fund for payments related to the Series 2007, Series 2011 and Series 2012 Combination Revenue Bonds.

6. DISAGGRAGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2013, were as follows:

	<u>Property</u> <u>Taxes</u>	<u>Other</u> <u>Governments</u>	<u>Due From</u> <u>Other Funds</u>	<u>Other</u>	<u>Total</u> <u>Receivables</u>
Governmental Activities:					
General Fund – net	46,869	231,522	1,245,433	-	1,523,824
Major Gov. Funds	-	28,685	-	-	28,685
Nonmajor Gov. Funds - net	<u>11,717</u>	<u>465,417</u>	<u>11,269</u>	-	<u>427,625</u>
Total - Governmental Activities	<u>58,586</u>	<u>725,484</u>	<u>1,256,702</u>	-	<u>2,040,772</u>

Payables at September 30, 2012, were as follows:

	<u>Accounts</u>	<u>Loans, Leases</u> <u>and Bonds</u> <u>Payable –</u> <u>Current Year</u>	<u>Salaries</u> <u>and</u> <u>Benefits</u>	<u>Due To</u> <u>Other</u> <u>Funds</u>	<u>Due to</u> <u>Other</u> <u>Governments</u>	<u>Other</u>	<u>Total</u> <u>Payables</u>
Governmental Activities:							
General Fund	337,237	340,000	-	1,660,579	-	-	2,337,816
Major Gov. Fund	-	-	-	86	-	-	86
Nonmajor Gov. Funds	<u>253,723</u>	-	-	<u>140,758</u>	-	-	<u>394,481</u>
Total- Gov. Activities	<u>590,961</u>	<u>340,000</u>	-	<u>1,801,423</u>	-	-	<u>2,732,383</u>

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**7. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 based on 100% of appraised value of property as listed on the previous January 1. Appraised values are determined by the San Patricio County Appraisal District; approved by the San Patricio County Appraisal Review Board; and certified by the Chief Appraiser. Property taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1<sup>st</sup> of the year following the year in which imposed. The city does not offer a discount or early payment of taxes. The City's taxes are billed and collected by the San Patricio County Tax Office. Ad valorem taxes of \$2,873,229 were assessed on property values totaling \$459,716,712 using a tax rate of \$.6250 (\$.44998 for general operations and \$.17502 for debt service) per \$100 assessed value.

**8. PENSION PLAN**

**Plan Description:** The City of Ingleside provides pension benefits for all of its eligible employees (except firefighters and part – time personnel) through a non – traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple – employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The provisions are adopted by the governing body of the City of Ingleside, within the options available in the state statutes governing TMRS. Plan provision for the City were as follows:

	Plan Year 2012	Plan Year 2011
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

**Contributions:** Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) are as follows:

1. Annual Required Contribution (ARC)	238,584
2. Interest on Net Pension Obligation	0
3. Adjustment to the ARC	0
4. Annual Pension Cost (APC)	238,584
5. Contributions Made	238,584
6. Increase (Decrease) in net pension obligation	0
7. Net Pension Obligation/(Asset), beginning of year	0
8. Net Pension Obligation/(Asset), end of year	0

**Three year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions Made	Percentage of APC Contributed	Net Pension Obligation/ (Asset)
2011	240,119	240,119	100%	0
2012	236,383	236,383	100%	0
2013	238,584	238,584	100%	0

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 2012, also follows:

Valuation Date	12/31/2009	12/31/2010	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	28.2 years – closed period	27 years – closed period	25.9 years – closed period	24.9 years – closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions				
Investment Rate of Return	7.5%	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
Inflation	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments	2.1%	2.1%	2.1%	2.1%

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as of Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2007	2,204,666	3,597,512	61.3%	1,392,846	1,977,161	70.4%
12/31/2008	2,418,690	3,900,265	62.0%	1,481,575	2,089,488	70.9%
12/31/2009	2,770,226	4,388,305	63.1%	1,618,079	2,561,892	63.2%
12/31/2010	5,083,745	6,376,267	79.7%	1,292,522	2,360,157	54.8%
12/31/2011	5,524,284	6,735,754	82.0%	1,211,470	2,317,972	52.3%
12/31/2012	6,075,468	7,251,015	83.8%	1,175,547	2,479,353	47.4%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

The city also participates in the cost sharing multi-employer defined benefit group-term life insurance coverage plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

**9. POST EMPLOYMENT HEALTH CARE BENEFITS**

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid in full by the insured for the actual month covered. This program is offered for a period of 18 months after the termination date. There is no associated cost to the City under this program.

City supplemental death to:	Plan Year 2013	Plan Year 2012
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

**Contributions**

The city contributes to the Supplemental Death Benefits Fund at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the Supplemental Death Benefits Fund program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The city's contribution to the TMRS SDBF for the years ended 2013, 2012 and 2011 were \$5,214, \$5,165, and \$3,807, respectively, which equaled the required contributions each year.

**10. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and others; and natural disasters. The City's program for managing risks include: 1) participation in a public entity risk pool (Texas Municipal League) to cover liability claims such as workers compensation and general liability claims and to cover property damage claims; 2) purchasing commercial property insurance for protection from damages due to windstorms, hurricanes, hail storms and floods; and 3) providing employees with various safety programs. Except for deductibles, the City has maintained insurance for risk of loss to the public entity risk pool and commercial issuers.

**11. COMMITMENTS AND CONTINGENT LIABILITIES /SHORT TERM LOANS**

There are no significant claims or lawsuits pending against the City.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

**12. FUND EQUITY - GASB 54 note**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:



**CITY OF INGLESIDE, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Non-spendable - The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City of Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or state statute. City Council or a Council official delegated that authority by the City Council.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**City Fund Balance Policy**

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City has in the past and plans to continue in the future its conservative approach to monitoring expenditures to ensure that fund balances stay strong at the 25% general fund policy level. Good management practices contributed toward the credit rating agencies deciding to reaffirm the City's "A" ratings. As Standard & Poor's stated, "[Our] stable outlook also reflects our expectation that City officials will maintain reserve levels at a strong level.

**CITY OF INGLESIDE, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**Fund Balance - GASB 54 Compliance**

By a majority vote in a scheduled meeting of the City Council, the Council may commit fund balances and it may modify or rescind these commitments. The City Council may also delegate authority to persons or parties to assign fund balances in specific circumstances. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows.

<u>Fund Balance Classification</u>	<u>Amount</u>
Non-spendable	
Inventories	\$ 18,291
Pre-pays	10,164
Restricted	
Federal/State Grants	673,620
Retirement of Long Term Debt	29,471
Committed Fund Balances	
Economic	509,766
Compensated	85,327
Assigned Fund Balances	
Undesignated/Unassigned	-
Unassigned Fund Balance	<u>1,545,234</u>
Total Fund Balances	<u>\$ 2,871,873</u>

13. Subsequent Events

In November 2013, the property included in the Tax Increment Reinvestment Zone #1 (TRZ#1) was sold to new owners who did not intend to develop the land in accordance with the plan for which the Zone had been created in 2007. As no improvements had been constructed on the property, no project costs had been incurred, and no tax increment bonds had been issued for the Zone, there remained no impediment to dissolving the Zone. Therefore, the City Council, the County Commissioners Court and the Board of Directors of the Zone agreed to dissolve the Zone and distribute all funds to the respective taxing entities. The City Council approved the second reading of the ordinance dissolving the Zone on January 14, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INGLESIDE, TEXAS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**BUDGETARY DATA**

Annual budgets are legally adopted by council. The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. Budgeted amounts reported in the 2012-2013 financial statements present the original and final amended budget approved by the Council. All unencumbered budget appropriations except project budgets, lapse at the end of each fiscal year. The following procedures are used by the City in establishing the budgetary date reflected in the financial statements:

1. Prior to August 6<sup>th</sup> each year, the City Manager is required to submit a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Advertised public hearings are conducted.
3. The budget is required to be approved by September 20<sup>th</sup>.
4. The tax rates are approved after the budget has been approved.
5. The budget may be amended as considered necessary. The budget and tax rates are enacted through the passage of ordinances.

CITY OF INGLESIDE, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
ANALYSIS OF FUNDING PROGRESS

LAST NINE VALUATION DATES

<u>Actuarial Value Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
12/31/04	2,143,938	2,659,146	515,208	80.60%	1,831,616	28.10%
12/31/05	2,093,976	2,711,769	617,793	77.22%	2,106,365	29.30%
12/31/06	2,180,324	2,804,362	624,038	77.75%	1,775,820	35.14%
12/31/07	2,204,666	3,597,512	1,392,846	61.30%	1,977,161	70.40%
12/31/08	2,418,690	3,900,265	1,481,575	62.00%	2,089,488	70.90%
12/31/09	2,770,226	4,388,305	1,618,079	63.10%	2,561,892	63.20%
12/31/10	5,083,745	6,376,267	1,292,522	79.70%	2,360,157	54.80%
12/31/11	5,524,284	6,735,754	1,211,470	82.00%	2,317,972	52.30%
12/31/12	6,075,468	7,251,015	1,175,547	83.80%	2,479,353	47.40%



COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES AS SUPPLEMENTARY INFORMATION





GOVERNMENTAL FUNDS



## GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund. The Fund uses the modified accrual basis of accounting.



**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-1

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	2,293,979	2,479,647
Receivables and Allowances:		
Accounts		
Assessments and Fees (net)	-	-
Miscellaneous	1	2,762
Inventory	18,291	14,972
Due From Other Governmental Agencies		
Sales Taxes	231,381	205,832
Parks and Wildlife	-	-
Ad Valorem Taxes	260,381	235,314
Allowance for Uncollectible	(213,513)	(171,779)
Due from Other Funds	1,245,433	102,574
Prepaid Items	10,164	10,830
<b>TOTAL ASSETS</b>	<u><u>3,846,118</u></u>	<u><u>2,880,152</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Accounts Payable/Accrued Expenditures	337,237	324,839
Other Payables	-	-
Due to Other Funds	1,660,579	1,130,151
Unearned Revenues	142,418	-
<b>TOTAL LIABILITIES</b>	<u><u>2,140,234</u></u>	<u><u>1,454,990</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	46,869	63,535
<b>Total Deferred Inflows of Resources</b>	<u><u>46,869</u></u>	<u><u>63,535</u></u>
<b>FUND BALANCE</b>		
Nonspendable Fund Balance		
Inventory	18,291	14,972
Prepaid Items	10,164	10,830
Committed Fund Balance		
Economic Development	-	-
Compensated Absences	85,327	71,385
Unassigned Fund Balance	1,545,234	1,264,440
<b>TOTAL FUND BALANCE</b>	<u><u>1,659,015</u></u>	<u><u>1,361,627</u></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCE</b>	<u><u>3,846,118</u></u>	<u><u>2,880,152</u></u>

**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER SOURCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNT FOR 2012**

Exhibit H-2  
Page 1 of 2

	2013		2012	
	<u>BUDGETED AMOUNTS</u>		Variance with Final Budget	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>
<b>REVENUES</b>				
<b>Taxes</b>				
Ad valorem- Current	1,981,124	1,981,124	1,906,236	1,962,973
Ad valorem- Delinquent	55,000	55,000	42,068	75,596
Ad valorem- Penalty & Interest	30,000	30,000	34,601	46,478
Indust. District- in lieu of taxes	507,484	507,484	537,427	455,703
City Sales (1%)	780,356	780,356	946,213	848,900
Beverage Tax	10,000	10,000	16,913	14,684
Bingo Tax	1,500	1,500	1,596	1,413
Franchise	364,232	364,232	357,056	394,487
In-Lieu of Franchise Tax	22,000	22,000	21,929	28,883
Total Taxes	<u>3,751,696</u>	<u>3,751,696</u>	<u>3,864,038</u>	<u>3,829,117</u>
<b>Licenses and Permits</b>				
Dog Licenses	2,500	2,500	1,922	1,170
Dog Donation and Adoption	3,500	3,500	260	3,200
Contractor Licenses	5,000	5,000	5,950	7,550
Electricians Licenses	0	0	0	0
Building Permits	50,000	50,000	28,934	54,244
Electrical Permits	10,000	10,000	16,977	14,199
Plumbing Permits	3,000	3,000	6,691	5,469
Other Permits	1,200	1,200	17,441	17,700
Mechanical Permits	2,000	2,000	6,504	5,496
Beer & Wine Permits	2,000	2,000	3,290	3,313
Solicitors Permits	150	150	210	303
Total Licenses and Permits	<u>79,350</u>	<u>79,350</u>	<u>88,178</u>	<u>112,644</u>
<b>Intergovernmental</b>				
Grant- Texas Capital Project	0	0	0	0
Grant- TIF	0	0	0	0
Grant- Texas Parks & Wildlife	0	0	0	0
Grants- Other	0	0	1,000	0
Total Intergovernmental	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>0</u>

**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES AND OTHER SOURCES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNT FOR 2012**

Exhibit H-2  
Page 2 of 2

	2013		2012	
	BUDGETED AMOUNTS		Variance with Final Budget	Actual
REVENUES	Original	Final	Actual	Actual
Charges for Services				
Sanitation	900,000	900,000	936,538	925,849
Rural Fire Calls	15,000	15,000	16,020	16,467
Swimming Pool Charges	12,400	12,400	6,184	6,013
Skate Park Charges	200	200	0	131
Platting Fees	3,000	3,000	8,574	550
Rezoning Applications	350	350	600	1,050
Driveway Placement Fees	2,000	2,000	10,656	1,862
Library	5,500	5,500	13,310	12,787
Tax Certificates	100	100	38	(46)
Lot Clearing	3,000	3,000	7,446	7,637
Subtotal	941,550	941,550	999,366	972,300
Fines and Penalties	187,500	187,500	168,114	201,457
Other				
Rents and Fees- Garden Center	5,000	5,000	5,530	4,960
Interest	2,000	2,000	2,320	3,046
Contributions	0	0	9,621	6,187
Bldg Lease- Humble Fees	11,200	11,200	16,585	12,822
Copies	1,000	1,000	1,355	975
Cash Over/Short	0	0	5	0
Wrecker	0	0	0	0
Sale of Assets	0	0	1,142	21
Sundry	13,000	13,000	45,913	21,831
Arrest Fees	623	623	677	731
Map Sales	25	25	0	70
Emergency Beacons	0	0	0	0
Police Peace Officers Allocation	0	0	0	0
Pound Boarding & Impoundment	5,000	5,000	4,875	3,995
Police Payphone Commissions	500	500	122	299
Law Enforcement Education	1,700	1,700	0	0
Live Oak Park Rent	100	100	0	0
Subtotal	40,148	40,148	88,145	54,937
Total Revenues	5,000,244	5,000,244	5,208,840	5,170,455
OTHER SOURCES- Operating Transfers				
Transfers	500,000	500,000	500,000	460,000
Total Operating Transfers	500,000	500,000	500,000	460,000
TOTAL REVENUES AND OTHER SOURCES	5,500,244	5,500,244	5,708,840	5,630,455

**CITY OF INGLESIDE, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET (GAAP BASIS) AND ACTUAL**  
**YEAR ENDED SEPTEMBER 30, 2013**  
**WITH COMPARATIVE ACTUAL AMOUNT FOR 2012**

	2013			
	BUDGETED AMOUNTS		Personnel	Supplies &
	Original	Final	Costs	Services
Current Expenditures				
General Administration				
Mayor and Council	22,425	22,425	0	25,994
City Manager	90,276	90,276	80,995	9,827
City Secretary	116,003	116,003	84,161	13,335
Finance	186,917	186,917	176,055	15,480
Municipal Court	218,549	218,549	127,566	36,235
City Attorney	300,000	300,000	0	86,205
Economic Development	10,000	10,000	0	8,531
Non-Departmental	567,747	567,747	0	402,918
Total General Administration	<u>1,511,917</u>	<u>1,511,917</u>	<u>468,777</u>	<u>598,525</u>
Public Safety				
Police	1,651,630	1,651,630	1,346,496	201,557
Fire	196,300	196,300	84,617	91,409
Inspections	142,874	142,874	136,883	9,733
Code Enforcement	96,346	96,346	54,363	30,993
Crossing Guards	0	0	0	0
Emergency Management	10,048	10,048	0	19,437
Animal Control	145,143	145,143	80,229	44,557
Total Public Safety	<u>2,242,341</u>	<u>2,242,341</u>	<u>1,702,588</u>	<u>397,686</u>
Public Works				
Streets Department	354,923	354,923	155,726	167,551
Vector Control	10,100	10,100	0	2,754
Buildings and Drainage	235,158	235,158	198,488	28,843
Sanitation	755,032	755,032	0	743,838
GIS	7,100	7,100	0	3,064
Total Public Works	<u>1,362,313</u>	<u>1,362,313</u>	<u>354,214</u>	<u>946,050</u>
Culture and Recreation				
Library	251,934	251,934	188,689	46,167
Parks and Recreation	408,039	408,039	229,667	133,398
Simmons Park Development	0	0	0	0
Citizens Center	37,540	37,540	18,110	9,456
Total Parks and Recreation	<u>697,513</u>	<u>697,513</u>	<u>436,466</u>	<u>189,020</u>
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Expenditures	<u>5,814,084</u>	<u>5,814,084</u>	<u>2,962,045</u>	<u>2,131,280</u>



## Exhibit H-3

2013					2012
Debt Service	Capital Outlay	Transfers Out	Total Actual	Variance with Final Budget	Total Actual
0	0	0	25,994	(3,569)	13,841
0	43	0	90,865	(589)	86,140
0	0	0	97,497	18,506	101,582
0	0	0	191,535	(4,618)	171,213
0	0	0	163,801	54,748	181,893
0	0	0	86,205	213,795	0
0	0	0	8,531	1,469	14,876
753	0	0	403,672	164,075	431,705
<u>753</u>	<u>43</u>	<u>0</u>	<u>1,068,099</u>	<u>443,818</u>	<u>1,001,250</u>
0	13	0	1,548,066	103,564	1,459,544
0	0	0	176,026	20,274	173,786
0	0	0	146,616	(3,742)	135,370
0	195	0	85,550	10,796	67,239
0	0	0	0	0	0
0	0	0	19,437	(9,389)	4,727
0	0	0	124,787	20,356	123,160
<u>0</u>	<u>208</u>	<u>0</u>	<u>2,100,482</u>	<u>141,859</u>	<u>1,963,826</u>
0	0	0	323,277	31,646	284,658
0	0	0	2,754	7,346	5,645
0	0	0	227,331	7,827	224,003
0	0	0	743,838	11,194	753,797
0	0	0	3,064	4,036	1,636
<u>0</u>	<u>0</u>	<u>0</u>	<u>1,300,264</u>	<u>62,050</u>	<u>1,269,739</u>
0	0	0	234,855	17,079	234,888
0	0	0	363,065	44,974	331,520
0	0	0	0	0	0
0	0	0	27,566	9,974	29,090
<u>0</u>	<u>0</u>	<u>0</u>	<u>625,486</u>	<u>72,027</u>	<u>595,498</u>
0	0	317,121	317,121	(317,121)	794,285
<u>753</u>	<u>251</u>	<u>317,121</u>	<u>5,411,452</u>	<u>402,632</u>	<u>5,624,598</u>



NON-MAJOR GOVERNMENTAL FUNDS

**CITY OF INGLESIDE, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

Exhibit H-4

	Special Revenue Funds	Debt Service Fund	Ingleside Tax Reinvest. Zone #1 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Texpool Accounts	434,070	42,384	157,346	633,801
Receivables				
Ad Valorem Taxes	0	65,095	0	65,095
Allowance for Uncollectible Taxes	0	(53,378)	0	(53,378)
Other	0	0	0	0
Hotel-Motel Tax	60,779	0	0	60,779
Due from Other Governments	404,638	0	0	404,638
Due from Other Funds	11,269	0	0	11,269
<b>TOTAL ASSETS</b>	<b>910,757</b>	<b>54,102</b>	<b>157,346</b>	<b>1,122,205</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts Payable	253,723	0	0	253,723
Due to Other Funds	140,758	0	0	140,758
Unearned Revenue	0	12,914	0	12,914
<b>TOTAL LIABILITIES</b>	<b>394,481</b>	<b>12,914</b>	<b>0</b>	<b>407,395</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	0	11,717	0	11,717
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>11,717</b>	<b>0</b>	<b>11,717</b>
<b>FUND BALANCE</b>				
Restricted for Public Safety and Works	74,327	0	0	74,327
Restricted for Tourism and Development	441,948	0	157,346	599,294
Restricted for Debt Service	0	29,471	0	29,471
<b>TOTAL FUND BALANCE</b>	<b>516,275</b>	<b>29,471</b>	<b>157,346</b>	<b>703,092</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCE</b>	<b>910,757</b>	<b>54,102</b>	<b>157,346</b>	<b>1,122,205</b>

**CITY OF INGLESIDE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

Exhibit H-5

	Special Revenue Funds	Debt Service Fund	Ingleside Tax Reinvest. Zone #1 Capital Projects Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes	364,763	535,237	65,765	965,765
Intergovernmental	696,936	0	0	696,936
Interest	372	127	96	595
Other	38,371	0	0	38,371
<b>TOTAL REVENUES</b>	<b>1,100,442</b>	<b>535,364</b>	<b>65,860</b>	<b>1,701,666</b>
<b>EXPENDITURES</b>				
Current				
Tourism/Advertising/Training	115,000	0	0	115,000
Debt Service	0	235,742	0	235,742
Police	2	0	0	2
Development	697,377	0	1,304	698,681
Public Works	1,028,800	0	0	1,028,800
<b>TOTAL EXPENDITURES</b>	<b>1,841,178</b>	<b>235,742</b>	<b>1,304</b>	<b>2,078,224</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(740,736)</b>	<b>299,623</b>	<b>64,556</b>	<b>(376,558)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond Proceeds	565,000	1,635,000	0	2,200,000
Transfers In from Other Funds	301,075	0	0	301,075
Transfer (Out) to Other Funds	0	(293,025)	0	(293,025)
Payments to refunded bond escrow agent	0	(1,636,000)	0	(1,636,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>866,075</b>	<b>(294,025)</b>	<b>0</b>	<b>572,050</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>125,339</b>	<b>5,598</b>	<b>64,556</b>	<b>195,492</b>
<b>FUND BALANCE, beginning of year</b>	<b>390,936</b>	<b>23,873</b>	<b>92,790</b>	<b>507,600</b>
<b>FUND BALANCE, end of year</b>	<b>516,275</b>	<b>29,471</b>	<b>157,346</b>	<b>703,092</b>



## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds for specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures to specified purposes. The City maintains the following special revenue funds.

Hotel/Motel Tax Fund- required by Texas to account for occupancy tax collections. This fund is used to account for that portion of collections used for tourism advertising and promotion.

Texas Capital Fund Grant- established to account for grant funds received for Community Development Block Grant- Kiewit and Helix infrastructure.

Asset Seizures and Forfeitures Fund- accounts for drug related asset seizures and allowable expenditures.

Street Maintenance Tax Fund – established to account for sales taxes dedicated for street maintenance.

Other Grant Funds - established to account for SCBA and Home Grants that were acquired by the City during the fiscal year.

**CITY OF INGLESIDE, TEXAS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR 2012**

Exhibit H-6

	Hotel - Motel Tax Fund	Homeland Security/ Other Grant	Asset Seizures & Forfeitures	Home Grant	Street Maint. Tax Fd	General Capital Projects Fund	Texas Cap. Fd Helix	Total Nonmajor Special Revenue Funds	
								2013	2012
<b>ASSETS</b>									
Cash and Texpool Accounts	376,114	4,881	8,694	0	44,108	0	273	434,070	329,806
Receivables									
Other	0	0	0	0	0	0	0	0	5,775
Hotel-Motel Tax	60,779	0	0	0	0	0	0	60,779	46,806
Due from Other Governments	0	336,170	0	39,783	28,685	0	0	404,638	109,239
Due from Other Funds	56	0	0	4,847	364	6,003	0	11,269	4,960
<b>TOTAL ASSETS</b>	<u>436,948</u>	<u>341,051</u>	<u>8,694</u>	<u>44,630</u>	<u>73,157</u>	<u>6,003</u>	<u>273</u>	<u>910,757</u>	<u>496,586</u>
<b>LIABILITIES AND FUND BALANCE</b>									
Accounts Payable	0	200,566	7,524	39,630	0	6,003	0	253,723	5,227
Due to Others	0	0	0	0	0	0	0	0	0
Unearned Revenues	0	0	0	0	0	0	0	0	0
Due to Other Funds	0	140,485	0	0	0	0	273	140,758	100,423
<b>TOTAL LIABILITIES</b>	<u>0</u>	<u>341,051</u>	<u>7,524</u>	<u>39,630</u>	<u>0</u>	<u>6,003</u>	<u>273</u>	<u>394,481</u>	<u>105,650</u>
<b>FUND BALANCE</b>									
Restricted for Public Safety/Works	0	(0)	1,170	0	73,157	0	0	74,327	41,359
Restricted for Tourism & Develop.	436,948	0	0	5,000	0	0	0	441,948	349,577
Restricted for Debt Service	0	0	0	0	0	0	0	0	0
<b>TOTAL FUND BALANCE</b>	<u>436,948</u>	<u>(0)</u>	<u>1,170</u>	<u>5,000</u>	<u>73,157</u>	<u>0</u>	<u>0</u>	<u>516,275</u>	<u>390,936</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<u>436,948</u>	<u>341,051</u>	<u>8,694</u>	<u>44,630</u>	<u>73,157</u>	<u>6,003</u>	<u>273</u>	<u>910,757</u>	<u>496,586</u>



**CITY OF INGLESIDE, TEXAS**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**SEPTEMBER 30, 2013**  
**WITH COMPARATIVE TOTALS FOR 2012**

Exhibit H-7

	Hotel - Motel Tax Fund	Homeland Security/ Other Grant	Asset Seizures & Forfeitures	Home Grant	Street Maint. Tax Fd	General Capital Projects Fund	Texas Cap. Fd Helix	Total Nonmajor Special Revenue Funds	
								2013	2012
<b>REVENUES</b>									
Taxes	207,061	0	0	0	157,702	0	0	364,763	339,777
Intergovernmental	0	261,249	0	435,688	0	0	0	696,936	506,961
Interest	310	0	3	0	59	0	0	372	369
Other	0	0	0	18	0	38,353	0	38,371	11,214
<b>TOTAL REVENUES</b>	<b>207,371</b>	<b>261,249</b>	<b>3</b>	<b>435,706</b>	<b>157,761</b>	<b>38,353</b>	<b>0</b>	<b>1,100,442</b>	<b>858,321</b>
<b>EXPENDITURES</b>									
<b>Current</b>									
Tourism/Advertising/Training	115,000	0	0	0	0	0	0	115,000	100,000
Debt Service	0	0	0	0	0	0	0	0	0
Police	0	0	2	0	0	0	0	2	2,022
Development/Grant Costs	0	261,671	0	435,706	0	0	0	697,377	517,654
Public Works	0	0	0	0	119,019	909,781	0	1,028,800	619,723
<b>TOTAL EXPENDITURES</b>	<b>115,000</b>	<b>261,671</b>	<b>2</b>	<b>435,706</b>	<b>119,019</b>	<b>909,781</b>	<b>0</b>	<b>1,841,178</b>	<b>1,239,399</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>92,371</b>	<b>(423)</b>	<b>1</b>	<b>0</b>	<b>38,743</b>	<b>(871,428)</b>	<b>0</b>	<b>(740,736)</b>	<b>(381,078)</b>
<b>OTHER FINANCE SOURCES (USES)</b>									
Bond Proceeds	0	0	0	0	0	565,000	0	565,000	0
Transfer In from Other Funds	0	423	0	0	0	300,653	0	301,075	499,172
Transfer (Out) to Other Funds	0	0	0	0	0	0	0	0	(2,500)
<b>TOTAL OTHER FINANCE SOURCES(USES)</b>	<b>0</b>	<b>423</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>865,653</b>	<b>0</b>	<b>866,075</b>	<b>496,672</b>
<b>EXCESS (DEFICIENCY) OF REV. AND OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>92,371</b>	<b>(0)</b>	<b>1</b>	<b>0</b>	<b>38,743</b>	<b>(5,776)</b>	<b>0</b>	<b>125,339</b>	<b>115,594</b>
<b>FUND BALANCE, beginning of year</b>	<b>344,577</b>	<b>0</b>	<b>1,169</b>	<b>5,000</b>	<b>34,414</b>	<b>5,776</b>	<b>0</b>	<b>390,936</b>	<b>275,342</b>
<b>FUND BALANCE, end of year</b>	<b>436,948</b>	<b>(0)</b>	<b>1,170</b>	<b>5,000</b>	<b>73,157</b>	<b>0</b>	<b>0</b>	<b>516,275</b>	<b>390,936</b>

**CITY OF INGLESIDE, TEXAS**  
**HOTEL-MOTEL TAX FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-8

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	376,114	297,772
Hotel-Motel Tax Receivable	60,779	46,805
Due From Other Funds	<u>55.65</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>436,948</u></u>	<u><u>344,577</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	-	-
Due to Other Fund	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted for Tourism	<u>436,948</u>	<u>344,577</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>436,948</u></u>	<u><u>344,577</u></u>

## CITY OF INGLESIDE, TEXAS

Exhibit H-9

## HOTEL-MOTEL TAX FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND

## CHANGES IN FUND BALANCE- BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2013

WITH COMPARATIVE TOTALS FOR 2012

	2013			2012
	BUDGETED AMOUNTS		Final Budget Variance	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>
REVENUES				
Occupancy Tax	175,000	175,000	207,061	197,127
Interest	250	250	310	292
Total Revenues	175,250	175,250	207,371	197,419
EXPENDITURES				
Tourism and Development				
Tourism/Chamber Support	115,000	115,000	115,000	100,000
Advertisement- Other	6,400	6,400	0	0
Total Expenditures	121,400	121,400	115,000	100,000
OTHER FINANCING SOURCES (USES)				
Other Sources- Transfers In (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	53,850	53,850	92,371	97,419
FUND BALANCE, beginning of year	344,577	344,577	344,577	247,158
FUND BALANCE, end of year	398,427	398,427	436,948	344,577

**CITY OF INGLESIDE, TEXAS**  
**ASSET SEIZURES AND FORFEITURES FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-10

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	8,694	2,334
Due from Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>8,694</u></u>	<u><u>2,334</u></u>
<b>LIABILITIES AND FUND EQUITY</b>		
Seizures Payable	7,524	1,165
Due to Other Funds	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>7,524</u></u>	<u><u>1,165</u></u>
Restricted for Trust Fund	<u>1,170</u>	<u>1,169</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>8,694</u></u>	<u><u>2,334</u></u>

Adjustments have been made for comparative purposes.

## CITY OF INGLESIDE, TEXAS

Exhibit H-11

## ASSET SEIZURES AND FORFEITURES FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

YEAR ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUES		
Asset Seizures and Forfeitures		
Other	-	5,421.00
Interest	<u>3</u>	<u>6</u>
Total Revenues	<u>3</u>	<u>5,427</u>
EXPENDITURES		
Current		
Police	<u>2</u>	<u>2,022</u>
Total Expenditures	<u>2</u>	<u>2,022</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1	3,405
OTHER FINANCING SOURCES (USES)		
Other Sources- Bond Proceeds	0	0
Other Sources- Transfers (Out)	0	(2,500)
Other Sources- Transfers In	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(2,500)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1	905
FUND BALANCE, beginning of year	<u>1,169</u>	<u>264</u>
FUND BALANCE, end of year	<u><u>1,170</u></u>	<u><u>1,169</u></u>

Adjustments have been made for comparative purposes.

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE HOME GRANT**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-12

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	-	-
Due from Other Governments	39,783	40
Due from Other Funds	4,847	4,960
<b>TOTAL ASSETS</b>	<u>44,630</u>	<u>5,000</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	39,630	-
Due to Other Funds	-	-
<b>TOTAL LIABILITIES</b>	<u>39,630</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted for Tourism and Development	<u>5,000</u>	<u>5,000</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>44,630</u>	<u>5,000</u>

## CITY OF INGLESIDE, TEXAS

Exhibit H-13

## INGLESIDE HOME GRANT

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

YEAR ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
REVENUES		
Intergovernmental	435,688	402,604
Other	18	18
Total Revenues	435,706	402,622
EXPENDITURES		
Grant costs	435,706	402,440
Total Expenditures	435,706	402,440
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	182
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	-	4,818
Total Other Financing Sources (Uses)	-	4,818
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	-	5,000
FUND BALANCE, beginning of year	5,000	-
FUND BALANCE, end of year	5,000	5,000

**CITY OF INGLESIDE, TEXAS**  
**STREET MAINTENANCE TAX FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-14

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	44,108	24,547
Due from Other Governments	28,685	24,989
Due from Other Funds	364	-
<b>TOTAL ASSETS</b>	<u>73,157</u>	<u>49,536</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	-	15,122
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>15,122</u>
<b>FUND BALANCE</b>		
Restricted	<u>73,157</u>	<u>34,414</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>73,157</u>	<u>49,536</u>



**CITY OF INGLESIDE, TEXAS**

Exhibit H-15

**STREET MAINTENANCE TAX FUND****COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCE****YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
REVENUES		
Sales Tax Revenues	157,702	142,650
Interest Income	<u>59</u>	<u>70</u>
Total Revenues	<u>157,761</u>	<u>142,720</u>
EXPENDITURES		
Maintenance Expense	<u>119,019</u>	<u>136,226</u>
Total Expenditures	<u>119,019</u>	<u>136,226</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>38,743</u>	<u>6,494</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>38,743</u>	<u>6,494</u>
FUND BALANCE, beginning of year	<u>34,414</u>	<u>27,920</u>
FUND BALANCE, end of year	<u><u>73,157</u></u>	<u><u>34,414</u></u>

**CITY OF INGLESIDE, TEXAS  
TEXAS CAPITAL FUND HELIX  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012**

Exhibit H-16

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	273	273
Accounts Receivable	-	-
Due from Other Funds	-	-
Due from State	-	-
<b>TOTAL ASSETS</b>	<u>273</u>	<u>273</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	273	273
<b>TOTAL LIABILITIES</b>	<u>273</u>	<u>273</u>
<b>FUND BALANCE</b>		
Restricted	-	-
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>273</u>	<u>273</u>

**CITY OF INGLESIDE, TEXAS**  
**TEXAS CAPITAL FUND HELIX**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

Exhibit H-17

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Intergovernmental	<u>-</u>	<u>-</u>
<b>Total Revenues</b>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>		
Capital Costs	<u>-</u>	<u>-</u>
Administrative Expense	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF</b> <b>REVENUES OVER EXPENDITURES</b>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND</b> <b>OTHER SOURCES OVER EXPENDITURES</b> <b>AND OTHER USES</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, beginning of year</b>	<u>-</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u>-</u>	<u>-</u>

**CITY OF INGLESIDE, TEXAS**  
**HOMELAND SECURITY/OTHER GRANTS**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-18

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	4,881	4,881
Accounts Receivable	336,170	84,209
Due From Other Funds	<u>0</u>	<u>0</u>
<b>TOTAL ASSETS</b>	<u><u>341,051</u></u>	<u><u>89,090</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts Payable	200,566	4,062
Deferred Revenue	0	0
Due to Other Funds	<u>140,485</u>	<u>85,028</u>
<b>TOTAL LIABILITIES</b>	<u><u>341,051</u></u>	<u><u>89,090</u></u>
<b>FUND BALANCE</b>	<u>(0)</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>341,051</u></u>	<u><u>89,090</u></u>

**CITY OF INGLESIDE, TEXAS**  
**HOMELAND SECURITY/OTHER GRANTS**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

Exhibit H-19

	<u>2013</u>	<u>2012</u>
	<u>Actual</u>	<u>Actual</u>
REVENUES		
Intergovernmental Revenue	<u>261,249</u>	<u>104,357</u>
Total Revenues	<u>261,249</u>	<u>104,357</u>
EXPENDITURES		
Development Costs/Grant Costs	<u>261,671</u>	<u>115,214</u>
Total Expenditures	<u>261,671</u>	<u>115,214</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(423)	(10,857)
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers (Out)	-	-
Other Sources- Transfers In	<u>423</u>	<u>10,857</u>
Total Other Financing Sources (Uses)	<u>423</u>	<u>10,857</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(0)	-
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>(0)</u></u>	<u><u>-</u></u>

INGLESIDE TAX REINVESTMENT ZONE #1  
COMPARATIVE BALANCE SHEETS  
SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and Texpool Accounts	157,346	92,790
Due from Other Funds	-	-
Taxes Receivable	-	-
TOTAL ASSETS	<u>157,346</u>	<u>92,790</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	-
Due to Other Funds	0	-
Deferred Revenues	-	-
TOTAL LIABILITIES	<u>0</u>	<u>-</u>
FUND BALANCE		
Restricted	<u>157,346</u>	<u>92,790</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>157,346</u>	<u>92,790</u>

The Ingleside Tax Reinvestment Zone #1 was dissolved in the post audit period.  
See notes to the financial statements No. 13.

INGLESIDE TAX REINVESTMENT ZONE #1  
 COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 YEAR ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
REVENUES		
Taxes	65,765	75,572
Interest	<u>96</u>	<u>45</u>
Total Revenues	<u>65,860</u>	<u>75,617</u>
EXPENDITURES		
Development Costs	<u>1,304</u>	<u>1,196</u>
Total Expenditures	<u>1,304</u>	<u>1,196</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>64,556</u>	<u>74,421</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>64,556</u>	<u>74,421</u>
FUND BALANCE, beginning of year	<u>92,790</u>	<u>18,369</u>
FUND BALANCE, end of year	<u><u>157,346</u></u>	<u><u>92,790</u></u>

The Ingleside Tax Reinvestment Zone #1 was dissolved in the post audit period.  
 See notes to the financial statements No. 13.

**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE GENERAL CAPITAL PROJECTS FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-22

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	-	-
Accounts Receivable	-	5,776
Due from Other Funds	6,003	-
<b>TOTAL ASSETS</b>	<u>6,003</u>	<u>5,776</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	6,003	-
Due to Other Funds	-	-
<b>TOTAL LIABILITIES</b>	<u>6,003</u>	<u>-</u>
<b>FUND BALANCE</b>		
Restricted	<u>0</u>	<u>5,776</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>6,003</u>	<u>5,776</u>



**CITY OF INGLESIDE, TEXAS**  
**INGLESIDE GENERAL CAPITAL PROJECTS FUND**  
**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

Exhibit H-23

	<u>2013</u>	<u>2012</u>
<b>REVENUES</b>		
Other	<u>38,353</u>	<u>5,776</u>
Total Revenues	<u>38,353</u>	<u>5,776</u>
<b>EXPENDITURES</b>		
Public Works	<u>909,781</u>	<u>483,497</u>
Total Expenditures	<u>909,781</u>	<u>483,497</u>
<b>EXCESS (DEFICIENCY) OF</b> <b>REVENUES OVER EXPENDITURES</b>	<u>(871,428)</u>	<u>(477,721)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Bonds Proceeds	565,000	-
Other Sources- Transfers In (Out)	<u>300,653</u>	<u>483,497</u>
Total Other Financing Sources (Uses)	<u>865,653</u>	<u>483,497</u>
<b>EXCESS (DEFICIENCY) OF REVENUES AND</b> <b>OTHER SOURCES OVER EXPENDITURES</b> <b>AND OTHER USES</b>	<u>(5,776)</u>	<u>5,776</u>
<b>FUND BALANCE, beginning of year</b>	<u>5,776</u>	<u>-</u>
<b>FUND BALANCE, end of year</b>	<u><u>0</u></u>	<u><u>5,776</u></u>



## DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt bond principal, interest, and related costs. The Debt Service Fund uses the modified accrual basis of accounting, except principal and interest are recognized when due.

**CITY OF INGLESIDE, TEXAS**  
**DEBT SERVICE FUND**  
**COMPARATIVE BALANCE SHEETS**  
**SEPTEMBER 30, 2013 AND 2012**

Exhibit H-24

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Texpool Accounts	42,384	25,578
Receivables and Allowances		
Ad Valorem Taxes	65,095	54,871
Allowance for Uncollectible Taxes	(53,378)	(40,056)
Due from Other Funds	-	0
<b>TOTAL ASSETS</b>	<u>54,102</u>	<u>40,393</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts Payable	-	-
Due to Other Funds	-	1,705
Unearned Revenue	12,914	0
<b>TOTAL LIABILITIES</b>	<u>12,914</u>	<u>1,705</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue - Property Taxes	11,717	14815
<b>Total Deferred Inflows of Resources</b>	<u>11,717</u>	<u>14,815</u>
<b>FUND BALANCE</b>		
Restricted for Debt Service	<u>29,471</u>	<u>23,873</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS &amp; FUND BALANCE</b>	<u>54,102</u>	<u>40,393</u>

## CITY OF INGLESIDE, TEXAS

Exhibit H-25

## DEBT SERVICE FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

## BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2013

WITH COMPARATIVE ACTUAL AMOUNTS FOR 2012

	2013			2012	
	<u>BUDGETED AMOUNTS</u>			Final Budget Variance	Actual
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		
REVENUES					
Ad valorem Taxes	535,281	535,281	526,442	(8,839)	488,512
Ad valorem- Penalty & Interest	6,000	6,000	8,796	2,796	9,720
Total Ad valorem Taxes	541,281	541,281	535,237	(6,044)	498,232
In Lieu Taxes	0	0	0	0	0
Interest	0	0	127	127	123
Total Revenues	541,281	541,281	535,364	(5,917)	498,355
EXPENDITURES					
Debt Service					
Principal Retirement	215,000	215,000	215,000	0	210,000
Interest and Fiscal Charges	19,257	19,257	20,742	(1,485)	65,732
Total Expenditures	234,257	234,257	235,742	(1,485)	275,732
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	307,024	307,024	299,623	(7,401)	222,623
OTHER FINANCING SOURCES (USES)					
Other Sources- Bond Proceeds	0	0	1,635,000	1,635,000	0
Other Sources- Transfers (Out)	(293,025)	(293,025)	(293,025)	0	(252,494)
Other Sources- Transfers In	0	0	0	0	0
Other Uses- Payments to refunded bonds	0	0	(1,636,000)	(1,636,000)	0
Total Other Financing Sources (Uses)	(293,025)	(293,025)	(294,025)	(1,000)	(252,494)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	13,999	13,999	5,598	(8,401)	(29,871)
FUND BALANCE, beginning of year	23,873	23,873	23,873	0	53,744
FUND BALANCE, end of year	37,872	37,872	29,471	(8,401)	23,873



PROPRIETARY FUNDS





## ENTERPRISE FUND

Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (including depreciation) of providing goods or services to the General public on a continuing basis be financed or recovered primarily through the user charges. The Enterprise Funds use the accrual basis of accounting. The City maintains the following Enterprise Fund:

Utility Fund- established to account for the operations of the City's water and sewer system. Inclusive of capital grant projects from the Texas Water Development Board.

CITY OF INGLESIDE, TEXAS  
COMPARATIVE STATEMENTS OF NET POSITION  
PROPRIETARY FUNDS - UTILITY FUNDS  
SEPTEMBER 30, 2013 AND 2012

	Utility Fund 50	Utility Water Capital Fd 51	Utility RDA Hookups Fund 53	Impact Fees Fund 54
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	1,711,354	2,374,267	-	138,944
Receivables and Allowances				
Accounts				
Water and Wastewater Billings	450,390	-	-	-
Assessments	9,449	-	-	-
Other	1,138	44,014	-	-
Allowance for Uncollectible Accounts	(227,477)	-	-	-
Due from Other Funds	1,647,309	500,000	551	2,000
Bond Issue Cost (Net)	181,571	22,260	-	-
Prepaid Items	7,238	-	-	-
Inventory	68,064	-	-	-
Total Current Assets	<u>3,849,035</u>	<u>2,940,541</u>	<u>551</u>	<u>140,944</u>
Non-Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents				
Revenue Bond Construction	-	1,333,369	-	-
Meter Deposit Funds	159,501	-	-	-
Revenue Bond Reserve	31,768	-	-	-
Sinking Fund- Bonds	298,160	-	-	-
Total Restricted Assets	<u>489,429</u>	<u>1,333,369</u>	<u>-</u>	<u>-</u>
Capital Assets:				
Land	329,494	-	-	-
Construction in Progress	-	1,132,448	-	-
Buildings	475,080	-	-	-
Water System	6,689,367	-	-	-
Sewer System	20,540,292	9,327	-	-
Vehicles	931,984	-	-	-
Furniture and Equipment	256,392	-	-	-
Total Capital Assets	<u>29,222,608</u>	<u>1,141,776</u>	<u>-</u>	<u>-</u>
Less Accumulated Depreciation	(14,195,561)	-	-	-
Net Capital Assets	<u>15,027,047</u>	<u>1,141,776</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>19,365,511</u>	<u>5,415,686</u>	<u>551</u>	<u>140,944</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	185,812	-	-	-
Accrued Liabilities	12,954	101,954	-	-
Compensated Absences	18,995	-	-	-
Due to Other Funds	500,000	1,104,589	551	-
Deferred Revenue	-	-	-	-
Current Portion of Revenue Bonds Payable	320,000	95,000	-	-
Customer Meter Deposits	159,725	-	-	-
Total Current Liabilities	<u>1,197,486</u>	<u>1,301,543</u>	<u>551</u>	<u>-</u>
Long-Term Liabilities				
Revenue Bonds Payable	2,240,000	1,120,000	-	-
Total Long-Term Liabilities	<u>2,240,000</u>	<u>1,120,000</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>3,437,486</u>	<u>2,421,543</u>	<u>551</u>	<u>-</u>
<b>NET POSITION</b>				
Invested in Capital Assets	12,956,475	1,260,145	-	-
Restricted for:				
Revenue Bond Retirement	329,927	-	-	-
Commitments	159,501	-	-	-
Unrestricted	2,482,121	1,733,998	-	140,944
Net Position	<u>15,928,024</u>	<u>2,994,143</u>	<u>-</u>	<u>140,944</u>

## EXHIBIT I-1

2013 Total	2012 Total
4,224,565	3,579,536
450,390	495,189
9,449	9,449
45,152	24,166
(227,477)	(200,010)
2,149,860	1,197,822
203,831	192,236
7,238	4,198
68,064	77,130
<u>6,931,071</u>	<u>5,379,716</u>
1,333,369	1,364,729
159,501	152,955
31,768	200,526
298,160	190,083
<u>1,822,798</u>	<u>1,908,293</u>
329,494	329,494
1,132,448	48,277
475,080	475,080
6,689,367	6,471,235
20,549,619	20,612,372
931,984	791,174
256,392	244,892
<u>30,364,384</u>	<u>28,972,524</u>
(14,195,561)	(13,459,845)
<u>16,168,822</u>	<u>15,512,679</u>
<u>24,922,692</u>	<u>22,800,688</u>
185,812	192,656
114,909	97,932
18,995	16,698
1,605,139	72,631
-	-
415,000	375,000
159,725	151,545
<u>2,499,580</u>	<u>906,462</u>
3,360,000	3,760,000
<u>3,360,000</u>	<u>3,760,000</u>
<u>5,859,580</u>	<u>4,666,462</u>
14,216,620	13,285,972
329,927	390,607
159,501	152,955
4,357,063	4,304,692
<u>19,063,111</u>	<u>18,134,226</u>

## CITY OF INGLESIDE, TEXAS

Exhibit I-2

## UTILITY FUND

## SCHEDULE OF OPERATING REVENUES AND EXPENSES- BY FUND

YEAR ENDED SEPTEMBER 30, 2013

	Utility Fund 50	Utility Capital Fd 51	Utility RDA Hookups Fund 53	Impact Fees Fund 54	2013 Total	2012 Total
<b>OPERATING REVENUES</b>						
Charges for Services						
Water Sales	2,295,766	0	0	0	2,295,766	2,460,890
Sewer Sales	1,443,395	0	0	0	1,443,395	1,522,993
Water Taps/Impact Fees	11,439	0	0	21,976	33,415	46,581
Sewer Taps/Impact Fees	4,150	0	0	32,621	36,771	44,670
Total Charges for Services	3,754,749	0	0	54,597	3,809,346	4,075,134
Other Fees and Charges						
Delinquent Account Penalties	86,965	0	0	0	86,965	95,942
Water Reimbursement	61,396	0	0	0	61,396	47,015
Other	139,764	0	0	0	139,764	31,752
Total Other Fees and Charges	288,125	0	0	0	288,125	174,709
Total Operating Revenues	4,042,874	0	0	54,597	4,097,471	4,249,843
<b>OPERATING EXPENSES</b>						
Personnel Costs	817,404	0	0	0	817,404	771,275
Contracted Services	379,905	0	0	0	379,905	550,516
Supplies	89,063	0	0	0	89,063	79,258
Maintenance	168,491	0	0	0	168,491	167,336
Other Operating Expenses	139,396	(0)	0	0	139,396	120,255
Water Purchased	996,710	0	0	0	996,710	1,059,390
Depreciation	735,717	0	0	0	735,717	724,559
Amortization	26,381	1,554	0	0	27,936	23,501
Total Operating Expenses	3,353,067	1,554	0	0	3,354,621	3,496,090
NET OPERATING INCOME	689,807	(1,554)	0	54,597	742,849	753,753
<b>NON-OPERATING REV. (EXPENSES)</b>						
Sale of Assets	-	-	-	-	-	294,607
Refunding Bonds Issued	-	-	-	-	-	-
Payments to Escrow Agents	-	-	-	-	-	-
Grant Income	-	485,020	-	-	485,020	22,222
Interest Income	2,143	2,295	-	96	4,534	5,031
Interest and Fiscal Charges	(112,466)	(123)	-	-	(112,589)	(168,085)
Net Non-Operating Rev. (Exp.)	(110,322)	487,192	-	96	376,965	153,775
Income Before Transfers	579,484	485,638	-	54,692	1,119,814	907,528
Transfers in	427,067	816,699	-	-	1,243,766	1,433,528
Transfers (out)	(1,000,000)	(434,695)	-	-	(1,434,695)	(1,343,421)
Total Transfer in (out)	(572,933)	382,004	-	-	(190,929)	90,107
Change in Net Position	6,551	867,642	-	54,692	928,885	997,635
Prior Period Adjustment	-	-	-	-	-	-
NET POSITION BEG. OF YEAR	15,921,473	2,126,501	-	86,252	18,134,226	17,136,591
NET POSITION END OF YEAR	15,928,024	2,994,143	-	140,944	19,063,111	18,134,226

**CITY OF INGLESIDE, TEXAS**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**UTILITY FUND**  
**YEAR ENDED SEPTEMBER 30, 2013 AND 2012**

Exhibit I-3

	2013	2012
Cash flow from operating activities:		
Cash received from customers	3,202,740	4,107,352
Cash payments to suppliers for goods and services	(222,743)	(2,121,214)
Cash payments to employees for services	(815,107)	(767,866)
Net cash provided by operating activities	<u>2,164,890</u>	<u>1,218,272</u>
Cash flows from noncapital financing activities:		
Net transfers to funds	(190,929)	90,107
Net Cash flows from non-capital financing activities	<u>(190,929)</u>	<u>90,107</u>
Cash Flows from Capital and Related Financing Activities:		
Net Refunds bonds/costs	0	0
Grant Proceeds	485,020	22,222
Principal Payment on bonds	(360,000)	(240,000)
Interest and Fiscal Charges Paid	(112,589)	(168,086)
Purchase of Fixed Assets/Bond Costs	(1,431,391)	(143,735)
Sale of Assets/Insurance Proceeds	0	294,607
Net Cash (Used) Generated for Capital and Related Financing Activities	<u>(1,418,960)</u>	<u>(234,992)</u>
Cash Flows from Investing Activities- Interest Income	<u>4,534</u>	<u>5,031</u>
Net Increase (Decrease) in Cash and Cash Equivalents	559,535	1,078,418
Cash and Cash Equivalents at Beginning of Year	5,487,829	4,409,411
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>6,047,364</u>	<u>5,487,829</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	742,849	753,753
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	735,717	724,559
Amortization	27,936	23,501
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (Net)	51,280	36,679
(Increase) Decrease in Due from Other Funds	(952,038)	(177,239)
(Increase) Decrease in Due from Other Governments	0	0
(Increase) Decrease in Prepaid Items	(3,040)	(646)
(Increase) Decrease in Inventory	9,066	(1,284)
Increase (Decrease) in Accounts Payable	(6,844)	(112,099)
Increase (Decrease) in Accrued Liabilities/Deferred Revenues	16,977	(109,330)
Increase (Decrease) in Due to Other Funds	1,532,508	72,080
Increase (Decrease) in Capital Leases Payable	0	0
Increase (Decrease) in Compensated Absences	2,297	3,408
Increase (Decrease) in Customer Deposits	8,180	4,890
Net Cash Provided by Operating Activities	<u>2,164,890</u>	<u>1,218,272</u>

The accompanying notes to financial statements are an integral part of this statement.



CAPITAL ASSETS USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS

**CITY OF INGLESIDE, TEXAS**

Exhibit I-4

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS****COMPARATIVE SCHEDULES- BY SOURCE****SEPTEMBER 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	3,836,406	3,836,406
Buildings and Improvements	5,655,301	5,655,301
Infrastructure	6,491,106	6,491,106
Machinery and Equipment	4,279,950	3,455,008
Furniture and Fixtures	1,035,463	990,427
Construction in Progress	<u>0</u>	<u>0</u>
Total	<u>21,298,226</u>	<u>20,428,248</u>

**INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL  
ASSETS BY SOURCE**

Current Revenues	9,947,581	9,077,603
General Obligation	5,010,865	5,010,865
Special Assessments	88,954	88,954
Federal Revenue Sharing	75,454	75,454
Federal Grants	397,255	397,255
Other Governmental Agencies	323,754	323,754
Contributions and Other	<u>5,454,363</u>	<u>5,454,363</u>
Total	<u>21,298,226</u>	<u>20,428,248</u>



**CITY OF INGLESIDE, TEXAS**

Exhibit I-5

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
SEPTEMBER 30, 2013**

Function and Activity	<u>Total</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Cultural and Recreational</u>
Land	3,836,406	1,328,707	40,750	226,420	2,240,529
Buildings and Improvements	5,655,301	221,223	1,402,797	21,477	4,009,804
Machinery and Equipment	4,279,950	184,132	3,510,584	503,848	81,386
Furniture and Fixtures	1,035,463	302,478	64,479	0	668,506
Infrastructure	6,491,106	0	0	6,491,106	0
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Governmental Funds Capital Assets	 <u><u>21,298,226</u></u>	 <u><u>2,036,540</u></u>	 <u><u>5,018,610</u></u>	 <u><u>7,242,851</u></u>	 <u><u>7,000,225</u></u>

**CITY OF INGLESIDE, TEXAS**

Exhibit I-6

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS****SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY****YEAR ENDED SEPTEMBER 30, 2013**

Function and Activity	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
General Government	2,096,895	0	60,355	2,036,540
Public Safety	4,264,394	754,216	0	5,018,610
Public Works	7,220,926	21,925	0	7,242,851
Cultural and Recreational	6,846,033	154,192	0	7,000,225
Total Governmental Funds Capital Assets	<u>20,428,248</u>	<u>930,333</u>	<u>60,355</u>	<u>21,298,226</u>

An adjustment was made for a prior year correction in the retirements/adjustments column.

INTERNAL CONTROL AND  
COMPLIANCE SECTION



**ERNEST R. GARZA  
AND COMPANY, P.C.**  
*Certified Public Accountants*

10201 Leopard #A  
Corpus Christi, Texas 78410  
Bus. (361) 241-2452  
Fax No. (361) 242-1525  
Toll Free 1-800-241-1272



6102 Ayers St. #106  
Corpus Christi, Texas 78415  
Bus. (361) 723-0685  
Fax (361) 723-0689

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* (for a  
Governmental Entity)**

**Independent Auditor's Report**

To the Honorable Mayor,  
Members of City Council  
City of Ingleside, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, Texas, as of and for the year ended September 30, 2013 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Ingleside, Texas, internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ingleside, Texas, internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

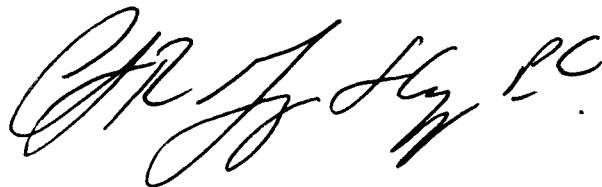
As part of obtaining reasonable assurance about whether the City of Ingleside, Texas, financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas

January 29, 2014

A handwritten signature in cursive script, likely belonging to Ernest R. Garza, with the initials "PC" at the end.

CITY OF INGLESIDE, TEXAS  
SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

None

CITY OF INGLESIDE, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

**I. Summary of the Auditor's Results:**

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness (es) identified?

\_\_\_\_. Yes        X  . No

Significant deficiencies identified not considered being  
material weaknesses?

\_\_\_\_. Yes        X  . No

Noncompliance material to financial statements noted?

\_\_\_\_. Yes        X  . No

Federal Awards

Internal Control over major programs:

Material weakness (es) identified?

\_\_\_\_. Yes        X  . No

Significant deficiencies identified not considered to be  
material weaknesses?

\_\_\_\_. Yes        X  . No

Noncompliance material to financial statements noted?

\_\_\_\_. Yes        X  . No

An unqualified opinion was issued regarding compliance and internal controls.

An unqualified opinion was issued regarding compliance for the major award programs

The audit disclosed no audit findings that are required to be reported in this schedule under OMB Circular A-133.

Major programs:

ARRA - Investments for Public Works and Economic Development 11.300

Home Investment Partnership Program, 14.239

The threshold used to distinguish between Type A and Type B federal programs was \$300,000.

The City was not classified as a low risk auditee in context of OMB Circular A-133.

**II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.**

None

**III. Findings and Questioned Costs for Federal Awards**

**Program**

**Finding/Noncompliance**

**Questioned Cost**

None



CITY OF INGLESIDE, TEXAS  
CORRECTION ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

None



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AND COMPANY, P.C.**  
*Certified Public Accountants*

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Fax (361) 723-0689

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor,  
Members of the City Council  
City of Ingleside, Texas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Ingleside, Texas, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The City of Ingleside, Texas, major federal programs for the year ended September 30, 2013. The City of Ingleside, Texas, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Ingleside, Texas, major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ingleside, Texas, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Ingleside, Texas, compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Ingleside, Texas, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

**Report on Internal Control Over Compliance**

Management of the City of Ingleside, Texas, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the City of Ingleside, Texas, internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ingleside, Texas, internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the City of Ingleside, Texas, as of and for the year ended September 30, 2013, and have issued our report thereon dated January 29, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ernest R. Garza and Company, P.C. CPA's  
Corpus Christi, Texas  
January 29, 2014



SCHEDULE OF FEDERAL AWARDS

**CITY OF INGLESIDE, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<b>FEDERAL GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS THROUGH NUMBER</b>	<b>EXPENDITURES INDIRECT REFUNDS</b>	<b>PASS THROUGH AMOUNT SUB RECIPIENTS</b>
<b>U S DEPARTMENT OF COMMERCE</b>				
Direct Grant				
ARRA-Investments for Public Works and Economic Development Facilities Grant				
Period: 08/02/2012 to 08/07/2017	11.300	08-01-04775	\$ 475,639	\$ -
<b>TOTAL U S DEPT. OF COMMERCE</b>			<b>\$ 475,639</b>	<b>\$ -</b>
<b>U S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Through: Texas Department of Housing and Community Affairs				
Home Investment Partnership Program				
Period: 04/02/2012 to 04/01/2014	14.239	548653	\$ 435,646	\$ -
<b>TOTAL U S DEPT. OF HOUSING AND URBAN DEVELOPMENT</b>			<b>\$ 435,646</b>	<b>\$ -</b>
<b>US DEPARTMENT OF TRANSPORTATION</b>				
Through: Texas Department of Transportation				
ARRA-Highway Planning & Construction Grant				
Period: 10/05/2011 to Completion	20.205	CSJ#3540-01-001	\$ 250,296	\$ -
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<b>\$ 250,296</b>	<b>\$ -</b>
<b>US GENERAL SERVICES ADMINISTRATION</b>				
Through: None				
Period: 10/01/2012 to 09/30/2013	39.003	None	\$ 38,353	\$ -
<b>TOTAL US GENERAL SERVICES ADMINISTRATION</b>			<b>\$ 38,353</b>	<b>\$ -</b>
<b>US DEPARTMENT OF HOMELAND SECURITY</b>				
Through: Office of the Governor - Division of Emergency Management				
Homeland Security Grant				
Period: 08/01/2010 to 07/31/2012	97.053	10-SR 36008-01	\$ 1,268	\$ -
Homeland Security Grant				
Period: 09/01/2011 to 08/31/2013	97.067	11-SR 36008-01	6,369	\$ -
<b>TOTAL US DEPARTMENT OF HOMELAND SECURITY</b>			<b>\$ 7,637</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,207,570</b>	<b>\$ -</b>

**CITY OF INGLESIDE, TEXAS**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<b>STATE GRANTOR PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS THROUGH NUMBER</b>	<b>EXPENDITURES INDIRECT REFUNDS</b>	<b>PASS THROUGH AMOUNT SUB RECIPIENTS</b>
<b>TEXAS A &amp; M FOREST SERVICE</b>				
Direct Grant				
Volunteer Fire Department Insurance Program				
Period: 10/01/2012 to 09/30/2013	N/a	None	\$ 3,720	\$ -
Volunteer Fire Department Assistance Program				
Period: 10/01/2012 to 09/30/2013	N/a	None	825	-
Volunteer Fire Department Insurance Program				
Period: 10/01/2012 to 09/30/2013	N/a	None	750	-
Volunteer Fire Department Assistance Program				
Period: 10/01/2012 to 09/30/2013	N/a	None	350	-
Volunteer Fire Department Assistance Program				
Period: 10/01/2012 to 09/30/2013	N/a	None	340	-
<b>TOTAL TEXAS A &amp; M FOREST SERVICE</b>			<b>\$ 5,985</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>\$ 5,985</b>	<b>\$ -</b>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<b>\$ 1,213,555</b>	<b>\$ -</b>

CITY OF INGLESIDE, TEXAS  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2013

1. For all Federal programs, the City uses the fund types specified by the governmental generally accepted accounting principles. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund (Grants in Aid Section).

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.



## STATISTICAL SECTION

Financial presentation in the Statistical Section provides data on the financial, physical, and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.

**CITY OF INGLESIDE, TEXAS**  
**GOVERNMENT-WIDE EXPENSES BY FUNCTION**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b>General Government and Administration</b>	<b>Cultural and Recreational</b>	<b>Public Safety</b>	<b>Public Works</b>
2004	\$ 122,394	\$ 1,080,436	\$ 1,803,509	\$ 453,417
2005	509,664	870,894	2,004,020	1,278,901
2006	659,344	1,085,344	1,690,322	1,669,944
2007	616,026	1,548,789	1,424,311	1,636,914
2008	1,043,868	753,099	1,998,965	1,869,976
2009	1,026,572	831,021	2,071,294	2,409,404
2010	1,012,857	821,366	2,291,727	1,896,300
2011	1,074,108	859,277	1,682,808	1,633,584
2012	1,087,412	918,017	1,770,607	1,765,328
2013	1,149,338	1,028,367	1,714,266	2,024,941

Source: Current year government wide financials

Note - the City reclassified information in the 2008 and 2009 year regarding economic development costs.

In 2010, the above does not include transfers out.

Table 1

<u>Economic Development</u>	<u>Interest and Fiscal Charges</u>	<u>Water and Sewer</u>	<u>Total</u>
\$ -	\$ 189,516	\$ 3,416,389	\$ 7,065,661
-	189,516	3,416,389	8,269,384
0	164,685	4,152,104	9,421,743
0	155,344	4,582,716	9,964,100
381,891	316,568	2,950,044	9,314,411
978,969	285,581	3,930,914	11,533,755
1,362,645	261,584	3,277,800	10,924,279
1,207,187	238,024	3,330,545	10,025,533
725,403	255,793	3,496,089	10,018,649
904,590	149,385	3,354,621	10,325,508

**CITY OF INGLESIDE, TEXAS**  
**GOVERNMENT-WIDE REVENUES**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Fiscal Year	Program Revenues	
	<u>Fees, Fines, and Charges for Services</u>	<u>Capital Grants and Contributions</u>
2004	\$4,036,209	\$441,985
2005	4,493,632	2,701,162
2006	3,826,537	2,553,626
2007	4,307,832	3,863,965
2008	4,893,501	1,056,339
2009	5,569,896	2,264,339
2010	4,626,769	1,710,505
2011	5,139,223	966,041
2012	5,423,600	506,961
2013	5,264,950	697,936

Source: Current year government wide financials

Table 2

General Revenue			
Taxes	Investment Earnings	Other	Total
\$3,061,678	\$53,031	\$40,637	\$7,633,540
3,278,062	53,993	69,273	10,596,122
3,536,528	46,536	406,539	10,369,766
3,671,663	86,036	44,286	11,973,782
4,143,273	99,311	369,677	10,562,101
4,716,686	36,014	451,815	13,038,750
4,163,658	7,974	462,029	10,970,935
4,384,887	969	410,983	10,902,103
4,807,060	972	178,796	10,917,389
4,967,741	989	214,693	11,146,310

**CITY OF INGLESIDE, TEXAS**  
**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b><u>General Administration</u></b>	<b><u>Public Safety</u></b>	<b><u>Public Works</u></b>	<b><u>Culture and Recreation</u></b>
2004	508,389	1,762,902	1,112,232	1,943,059
2005	510,313	1,800,859	1,202,255	2,209,128
2006	617,789	1,758,060	1,229,083	965,687
2007	822,941	1,745,779	2,032,077	630,261
2008	599,002	1,845,525	1,697,804	782,469
2009	995,837	2,000,115	2,235,933	740,356
2010	991,669	2,008,839	1,952,295	714,335
2011	992,824	1,885,381	1,760,770	619,703
2012	1,001,250	1,965,848	1,889,462	678,987
2013	1,068,099	2,100,484	2,329,063	728,892

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Series 2007, Series 2011 and Series 2012 is included in the Utility Fund. The Interest and Sinking Fund transferred \$252,494 to the Utility Fund for these debt service payments in 2012 and 293,025 in 2013.

Table 3

<u>Economic Development</u>	<u>Debt Service</u>	<u>Total</u>
69,867	754,856	6,151,305
111,139	735,256	6,568,950
72,544	548,680	5,191,843
84,955	530,344	5,846,357
337,094	583,590	5,845,484
978,720	527,270	7,478,231
1,409,232	517,527	7,593,897
1,038,240	355,106	6,652,024
536,232	347,707	6,419,486
715,419	296,562	7,238,519

**CITY OF INGLESIDE, TEXAS**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

<b>Fiscal Year</b>	<b><u>Taxes</u></b>	<b><u>Licenses and Permits</u></b>	<b><u>Inter- Governmental</u></b>
2004	3,076,944	50,813	302,384
2005	3,295,675	69,877	636,444
2006	3,468,213	56,281	103,801
2007	3,713,809	58,743	849,092
2008	4,199,269	72,303	762,300
2009	4,345,265	53,358	1,672,593
2010	4,211,746	41,350	1,646,970
2011	4,391,193	108,655	966,041
2012	4,884,349	112,644	506,961
2013	4,987,505	88,178	697,936

(1) Includes General, Special Revenue and Debt Service Funds



Table 4

<u>Charges for Services</u>	<u>Fines and Penalties</u>	<u>Other</u>	<u>Total</u>
596,998	108,799	80,063	4,216,001
692,520	86,381	104,673	4,885,570
692,515	125,643	61,558	4,508,011
748,450	135,926	586,519	6,092,539
903,765	140,452	181,753	6,259,843
978,601	147,677	245,888	7,443,382
969,647	154,405	169,326	7,193,444
947,953	164,609	303,297	6,881,748
972,300	201,457	67,123	6,744,834
999,366	168,114	127,505	7,068,604

**CITY OF INGLESIDE, TEXAS**  
**ASSESSED VALUATIONS, TAX LEVIES AND**  
**TAX RATE DISTRIBUTIONS**  
**LAST ELEVEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 5

**ASSESSED VALUATIONS AND TAX LEVIES**

<u>Tax Roll Year</u>	<u>Assessed Values</u>	<u>Tax Rate Per \$100</u>	<u>Tax Levy</u>	<u>Collection Ratios</u>	
				<u>Current</u>	<u>Total</u>
2003	233,689,280	0.7418	1,733,507	96.22%	99.47%
2004	250,498,262	0.7207	1,805,341	96.46%	99.30%
2005	260,350,166	0.6999	1,822,191	98.57%	99.01%
2006	281,511,742	0.7300	2,055,036	97.46%	98.26%
2007	306,352,157	0.7200	2,205,736	96.54%	98.56%
2008	328,206,278	0.7150	2,342,119	96.70%	98.21%
2009	339,212,820	0.7000	2,375,285	96.53%	98.03%
2010	371,630,537	0.6975	2,592,123	95.74%	95.74%
2011	362,146,858	0.6975	2,526,978	97.14%	97.31%
2012	371,625,078	0.6800	2,531,165	96.59%	98.59%
2013	459,716,712	0.6250	2,873,229		

**TAX RATE DISTRIBUTION**

<u>Tax Roll Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Tax Rate</u>
2003	0.57880	0.16300	0.74180
2004	0.60230	0.11840	0.72070
2005	0.60897	0.09093	0.69990
2006	0.56359	0.16641	0.73000
2007	0.56610	0.15390	0.72000
2008	0.57190	0.14310	0.71500
2009	0.56409	0.13591	0.70000
2010	0.57146	0.12604	0.69750
2011	0.56365	0.13385	0.69750
2012	0.53685	0.14316	0.68000
2013	0.44998	0.17502	0.62500

**CITY OF INGLESIDE, TEXAS**  
**ASSESSED AND ESTIMATED MARKET VALUES**  
**OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 6

<u>Tax Roll Year</u>	<u>Net Taxable Values</u>	<u>Estimated Market Values</u>	<u>Ratio of Net Taxable Value to Estimated Market Values</u>
<b>Properties included within City Limits</b>			
2004	250,498,262	260,918,821	96.0%
2005	260,350,166	282,320,118	92.2%
2006	281,511,742	299,865,410	93.9%
2007	306,352,157	325,451,618	94.1%
2008	328,206,278	345,047,637	95.1%
2009	339,212,820	395,750,552	85.7%
2010	373,954,749	586,254,388	63.8%
2011	362,146,858	520,267,641	69.6%
2012	371,625,078	536,668,704	69.2%
2013	459,716,712	522,757,265	87.9%
<b>Properties included within Industrial Districts</b>			
2004	24,266,970	45,973,800	52.8%
2005	25,156,626	73,426,700	34.3%
2006	28,745,692	68,231,916	42.1%
2007	24,462,131	80,620,204	30.3%
2008	27,901,666	92,736,841	30.1%
2009	46,496,844	126,454,144	36.8%
2010	24,591,809	95,759,532	25.7%
2011	64,595,007	179,326,909	36.0%
2012	81,547,672	241,544,239	33.8%
2013	99,498,673	294,027,843	33.8%

Note: Tax Roll Years agree with the City's fiscal year from October, 1 of the Tax Roll Year through September, 30 of the following year.

Estimated actual values prior to 2007 are net of abatements.

**CITY OF INGLESIDE, TEXAS**  
**SCHEDULE OF TAXES LEVIED, COLLECTED AND RECEIVABLE**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 7

<u>Levy Year</u>	<u>Taxes Receivable 10/1/2012</u>	<u>Tax Levy</u>	<u>Net Supplements &amp; Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable 9/30/2013</u>
2003 & Prior	40,731	0	(3,846)	507	36,378
2004	8,146	0	(70)	326	7,750
2005	11,669	0	(65)	436	11,168
2006	15,315	0	(72)	721	14,522
2007	21,038	0	(69)	1,307	19,662
2008	22,146	0	555	2,266	20,435
2009	30,848	0	395	6,947	24,296
2010	72,385	0	318	12,170	60,533
2011	67,881	0	1,572	27,285	42,168
2012	<u>0</u>	<u>2,600,816</u>	<u>-</u>	<u>2,512,251</u>	<u>88,565</u>
Totals	<u>290,159</u>	<u>2,600,816</u>	<u>(1,282)</u>	<u>2,564,216</u>	<u>325,477</u>



**CITY OF INGLESIDE, TEXAS**  
**RATIO OF NET GENERAL BONDED DEBT**  
**TO ASSESSED VALUE AND NET DEBT PER CAPITA**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

<u>Fiscal Year</u>	<u>Population</u>	<u>Net Taxable Assessed Value</u>	<u>Gross Bonded Debt (2)</u>
2004	9,388	250,498,262	4,596,000
2005	9,388	260,350,166	4,041,000
2006	9,388	281,511,742	3,661,000
2007	11,232	306,352,157	3,286,000
2008	10,432	328,206,278	2,901,000
2009	10,432	339,212,820	2,501,000
2010	8,992	373,954,749	2,096,000
2011	9,387	362,146,858	1,841,000
2012	9,376	371,625,078	1,581,000
2013	9,492	459,716,712	1,930,000

(1) The population information was obtained from the U.S. Census Bureau.

(2) Series 2007 and Series 2011, and a portion of Series 2012 is included in the Utility Fund.

Table 8

<u>Less Sinking Funds</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
56,103	4,539,897	1.81%	484
99,010	3,941,990	1.51%	420
7,674	3,653,326	1.30%	389
32,713	3,253,287	1.06%	290
42,241	2,858,759	0.80%	236
34,667	2,466,333	0.73%	236
30,782	2,065,218	0.55%	230
53,744	1,787,256	0.49%	190
23,873	1,557,127	0.42%	164
29,471	1,900,529	0.41%	200

**CITY OF INGLESIDE, TEXAS**  
**PROPERTY TAX RATES- ALL DIRECT AND OVERLAPPING**  
**GOVERNMENTS (PER \$100 OF ASSESSED VALUE)**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 9

Tax Roll Year	City of Ingleside	San Patricio County		Independent School District	
		<u>County</u>	<u>Drainage District</u>	<u>Ingleside</u>	<u>Aransas Pass</u>
2004	0.7207	0.5399	0.098600	1.6296	1.57680
2005	0.7300	0.5399	0.099167	1.5000	1.57680
2006	0.7200	0.5399	0.091480	1.1700	1.44842
2007	0.7200	0.5275	0.081878	1.1700	1.06138
2008	0.7150	0.5275	0.079747	1.1300	1.06138
2009	0.7000	0.5245	0.079280	1.1300	1.07138
2010	0.6975	0.5245	0.076404	1.1560	1.07138
2011	0.6975	0.5818	0.071775	1.1400	1.07138
2012	0.6800	0.5500	0.066905	1.0900	1.07138
2013	0.6250	0.5200	0.060098	1.0800	1.07138

Note: The information above was obtained from San Patricio County's Website January 2014.



**CITY OF INGLESIDE, TEXAS**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 10

As a Home Rule Charter City, the amount of debt, which can be issued by the City of Ingleside, Texas is not limited by law.

Under Article XI, Section 5 of the State of Texas Constitution and the City Charter, the maximum tax rate for all purposes is \$2.50 per \$100 of assessed valuation. Within this \$2.50 maximum, there is no legal limit upon the amount of taxes which can be levied for debt service.

Taxable assessed value, 2013 tax roll	\$ 459,716,712
Maximum tax rate per \$100 assessed valuation	x <u>2.50</u>
Maximum available assessed tax revenue for all purposes including debt service	\$ <u>11,492,918</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2013	\$ <u><u>\$296,562</u></u>

**CITY OF INGLESIDE, TEXAS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 11

<u>Name of Governmental Unit</u>		<u>Net Bonded Debt Outstanding Amount</u>	<u>Applicable to City of Ingleside</u>	
			<u>Percent</u>	<u>Amount</u>
City of Ingleside		\$1,900,529	100.00%	\$1,900,529
Counties:				
San Patricio County @ 12/31/12	*	\$17,418,283	8.95%	1,558,936
School Districts @ 8/31/13:				
Ingleside I.S.D. 205-903	**	\$7,835,000	21.01%	1,646,134
Aransas Pass I.S.D. 205-901	**	\$1,890,000	1.56%	29,484
Special Districts:				
Water District @ 12/31/2012	****	44,120,000	5.12%	2,258,944
SPC Drainage District	***	-	0	0
Total Direct and Overlapping Debt				<u><u>\$7,394,027</u></u>

\*NOTE: Information is per San Patricio County Auditor's Office

\*\*NOTE: Information is per each district's audited financial statement for the year ended 8/31/13.

\*\*\*NOTE: Information is per Mike Vanecek (361-364-4268), San Patricio County Drainage District

\*\*\*\*NOTE: Information per Becky Krumnow, San Patricio Municipal Water District

**CITY OF INGLESIDE, TEXAS**

Table 12

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL LONG-TERM DEBT TO  
GENERAL GOVERNMENTAL EXPENDITURES OF ALL GENERAL, SPECIAL REVENUE AND  
DEBT SERVICE FUNDS  
LAST 10 YEARS  
SEPTEMBER 30, 2013  
(UNAUDITED)**

<b>Year</b>	<b><u>Principal</u></b>	<b><u>Interest &amp; Other</u></b>	<b><u>Total Debt Service</u></b>	<b><u>Total General Expenditures</u></b>	<b><u>Ratio of Debt Service to General Expenditures</u></b>
2004	555,000	199,856	754,856	6,568,950	11.49%
2005	555,000	180,256	735,256	5,191,843	14.16%
2006	380,000	168,680	548,680	5,846,357	9.38%
2007	375,000	155,344	530,344	5,845,484	9.07%
2008	385,000	198,590	583,590	5,845,484	9.98%
2009	400,000	127,271	527,271	7,478,231	7.05%
2010	405,000	120,027	525,027	7,593,897	6.91%
2011	225,000	100,106	355,106	6,652,024	5.34%
2012	260,000	87,707	347,707	6,419,486	5.42%
2013	270,000	26,562	296,562	7,238,519	4.10%

(1) The above debt service expenditures include capital lease principal and interest costs.

(2) Series 2007 and Series 2011 and a portion of Series 2012 is included in the Utility Fund. The Interest and Sinking Fund transferred \$252,494 to the Utility Fund for these debt service payments in 2012 and \$293,025 in 2013.

**CITY OF INGLESIDE, TEXAS**  
**REVENUE BOND COVERAGE: WATER AND SEWER BONDS**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 13

<u>Year Ended</u>	<u>Operating Income</u>	<u>Operating Expenses*</u>	<u>Net Operating Income(Loss)*</u>	<u>Bond Debt Requirement</u>	<u>Coverage Ratio</u>
9/30/2004	3,259,835	2,209,134	1,050,701	433,800	2.42
9/30/2005	3,620,065	2,586,738	1,033,327	460,002	2.25
9/30/2006	3,320,097	2,740,217	579,880	569,558	1.02
9/30/2007	3,685,244	2,282,482	1,402,762	283,494	4.95
9/30/2008	3,989,736	2,378,445	1,611,291	410,530	3.92
9/30/2009	4,462,150	3,173,752	1,288,398	408,308	3.16
9/30/2010	3,636,311	2,543,939	1,092,372	406,409	2.69
9/30/2011	4,026,661	2,593,579	1,433,082	407,919	0.96
9/30/2012	4,249,843	2,748,030	1,501,813	408,086	3.68
9/30/2013	4,097,471	2,590,968	1,506,502	472,589	3.19

(1) Operating Expenses and Net Operating Income (loss) are exclusive of depreciation expense.

(2) Series 2007 and Series 2011 and a portion of Series 2012 is included in the Utility Fund. The Interest and Sinking Fund transferred \$252,494 to the Utility Fund for these debt service payments in 2012 and \$293,025 in 2013.

**CITY OF INGLESIDE, TEXAS  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS  
SEPTEMBER 30, 2013  
(UNAUDITED)**

Table 14

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Median Household Income</u> (1)	<u>Per Capita Income</u> (2)	<u>Median Age</u> (2)	<u>Average School Enrollment</u> (3)	<u>San Patricio County Unemployment Rate</u> (4)
2004	9,388				2,333	7.10%
2005	9,388				2,314	6.30%
2006	9,388				2,285	5.40%
2007	11,232	42,649	17,381	29.1	2,300	4.90%
2008	10,432	46,621	16,050	29.1	2,146	5.00%
2009	10,432	46,621	16,050	29.1	2,000	9.70%
2010	8,992	50,546	19,640	27.9	2,296	8.70%
2011	9,387	54,338	20,842	28	2,216	9.10%
2012	9,376	57,861	20,021	33.0	2,216	6.90%
2013	9,492	62,853	22,773	33.0	2,249	6.90%

**Data Sources \***

- (1) Ingleside City Hall
- (2) Information Unavailable from Any Source
- (3) Ingleside Independent School District
- (4) Texas Workforce Commission

**CITY OF INGLESIDE, TEXAS  
PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2013  
(UNAUDITED)**

Table 15

<u>Principal Taxpayer</u>	<u>Type of Property</u>	<u>2012 Assessed Taxable Valuation</u>	<u>Percent of Total</u>
Occidental Ingleside Energy	Oil and Gas	60,346,510	13.13%
Oxy Ingleside Energy Center	Oil and Gas	26,144,073	5.69%
Helix Energy Solution Group	Real Estate	18,512,918	4.03%
Flint Hills Resources, CC LLC	Oil and Gas	16,359,120	9.79%
Enjet Inc	Oil and Gas	13,015,560	2.83%
Signet Maritime Corporation	Maritime Logistics	10,955,703	2.38%
Dagger Island Partners, Ltd.	Real Estate	6,052,336	1.32%
Koch Pipeline Company, LP	Oil and Gas	5,345,210	1.16%
Corpus Development LP	Real Estate	5,318,639	1.16%
Plains Marketing LP	Oil and Gas	5,053,660	1.10%
Total of Top 10 Taxpayers		167,103,729	36.35%
All Other Taxpayers		292,612,983	63.65%
Total Assessed Valuation		459,716,712	100.00%

**Note:**

The 2012 Tax Roll is for the fiscal year ending September 30, 2013.

**CITY OF INGLESIDE, TEXAS**  
**INSURANCE AND BOND COVERAGE**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 16

<u>POLICY</u>	<u>COVERAGE</u>	<u>EXPIRATION</u>
Texas Municipal League Intergovernmental Risk Risk Pool # 8939	<p>\$3,000,000 limit, \$5,000 deductible, General Liability Actual Cash Value or Agreed Scheduled Value \$3,000,000 limit, \$5,000 deductible, Automobile Liability  per schedule, Auto Physical Damage  \$2,000,000 limit, \$5,000 deductible, Errors and Omissions  \$483,515 limit, \$2,500 deductible, Mobile Equipment  \$12,067,664 limit, \$2,500 deductible, Fire Extended Coverage, Vandalism and Malicious Mischief on all City Buildings and Contents  Worker's Compensation, limit statutory Includes volunteer firefighters, elected and appointed officials  \$100,000 limit, no deductible, Public Employee Dishonesty Blanket Bond</p>	October 1, 2014
TWIA	\$8,678,291 limit, 1% or \$1,000 deductible whichever is greater	May 26, 2014

**CITY OF INGLESIDE, TEXAS**  
**MISCELLANEOUS STATISTICAL DATA**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 17

DATE OF INCORPORATION: June 18, 1951

DATE OF CITY CHARTER ADOPTION: November 6, 1979

FORM OF GOVERNMENT: Council- Manager

Area- Square Miles	14.4	Cultural and Recreation:	
		Parks- Number of Acres	214
		Number of Playgrounds	4
Miles of Streets- Paved	50	Number of Swimming Pools	1
		Number of Community Centers	2
		Number of Senior Citizens Centers	1
Fire Protection:		Number of Public Libraries	1
Number of Stations	1	Number of Youth Centers	1
Number of Employees			
Regular- Full Time	1		
Regular- Part Time	1	Education:	
Volunteer	36	Number of Schools	5
		Number of School Teachers	134
		Number of Nurses,	
Police Protection:		Counselors, and Librarians	12
Number of Stations	1	Number of Students	2,216
Number of Employees:		Average Daily Attendance	2,105
Full Time	21		
		Municipal Water System:	
Total Employees- Part Time	8	Number of Customers	3,062
		Daily Average Consumption	1.04 MGD
		Storage Capacity	2.25 M Gallons
Total Employees- Full Time	64	Number of Fire Hydrants	289
		Number of Street Lights	282



**CITY OF INGLESIDE, TEXAS**  
**WATER PURCHASES AND SALES**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 18

Fiscal Year Ended	Gallons <u>Purchased</u>	Gallons <u>Sold</u>	Gallons City Usage, <u>Losses, etc</u>	<u>Purchased</u> <u>Not Sold</u>
9/30/04	403,448,000	349,117,200	54,330,800	13.47%
9/30/05	440,955,000	396,941,800	44,013,200	9.98%
9/30/06	439,013,000	409,581,400	29,431,600	6.70%
9/30/07	398,587,000	366,615,500	31,971,500	8.02%
9/30/08	430,202,000	393,748,000	36,454,000	8.47%
9/30/09	489,460,000	433,253,400	56,206,600	11.48%
9/30/10	366,417,000	313,927,600	52,489,400	14.33%
9/30/11	422,814,000	379,422,600	43,391,400	10.30%
9/30/12	410,820,000	385,834,100	24,985,900	6.10%
9/30/13	379,264,000	343,229,000	36,035,000	9.50%

**CITY OF INGLESIDE, TEXAS**  
**NUMBER OF ACTIVE ACCOUNTS AT CLOSE OF YEAR**  
**LAST TEN YEARS**  
**SEPTEMBER 30, 2013**  
**(UNAUDITED)**

Table 19

<u>Fiscal Year Ended</u>	<u>Water Accounts</u>	<u>Sewer Accounts</u>
9/30/04	2,898	2,554
9/30/05	2,941	2,588
9/30/06	2,957	2,605
9/30/07	2,951	2,747
9/30/08	3,022	2,885
9/30/09	2,992	2,856
9/30/10	2,945	2,816
9/30/11	3,000	2,882
9/30/12	3,046	2,917
9/30/13	3,046	2,928
 <u>Top Ten Utility Customers</u>		
Kiewitt Offshore Services		\$ 277,261
Ingleside on the Bay		234,015
Oxy Energy Center		139,412
Downtown Ingleside Apts		138,263
Ingleside Independent School District		75,800
City of Aransas Pass		61,396
Ingleside Housing Authority		60,758
Sun Meadow Apartments		60,721
Port of Corpus Christi		49,948
Flint Hills Resources		38,571
Total		<u>\$ 1,136,145</u>
 <u>Total Water Sales</u>		
		2,295,766
<u>Total Sewer Sales</u>		
		\$ 1,443,394
<u>Total Sales</u>		
		<u>\$ 3,739,160</u>

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

SUMMARY- CITY OF INGLESIDE GENERAL LONG-TERM DEBT SERVICE REQUIREMENTS

<u>Fiscal Year</u>	<u>Bond Due</u>	<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
		<u>First</u>	<u>Second</u>	<u>Total</u>		
2013						1,930,000
2014	340,000	17,645	14,511	32,156	372,156	1,590,000
2015	350,000	14,511	11,288	25,799	375,799	1,240,000
2016	355,000	11,288	8,017	19,305	374,305	885,000
2017	355,000	8,017	4,746	12,763	367,763	530,000
2018	265,000	4,745	2,326	7,071	272,071	265,000
2019	135,000	2,326	1,139	3,465	138,465	130,000
2020	130,000	1,139	0	1,139	131,139	0
TOTAL	<u>\$1,930,000</u>	<u>\$59,671</u>	<u>\$42,027</u>	<u>\$101,698</u>	<u>\$2,031,698</u>	

See - Note 13 regarding Series 2012 Refunding Bonds issued October 10, 2012

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

SUMMARY- UTILITY FUND DEBT SERVICE REQUIREMENTS

<u>Fiscal Year</u>	<u>Bonds Due</u>	<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
		<u>First</u>	<u>Second</u>	<u>Total</u>		
2013						3,775,000
2014	415,000	57,719	50,987	108,706	523,706	3,360,000
2015	425,000	50,987	44,088	95,075	520,075	2,935,000
2016	405,000	44,088	37,819	81,907	486,907	2,530,000
2017	410,000	37,819	31,341	69,160	479,160	2,120,000
2018	410,000	31,341	24,863	56,204	466,204	1,710,000
2019	420,000	24,863	18,130	42,993	462,993	1,290,000
2020	430,000	18,130	11,141	29,271	459,271	860,000
2021	310,000	11,140	7,503	18,643	328,643	550,000
2022	295,000	7,503	3,978	11,481	306,481	255,000
2023	125,000	3,978	2,028	6,006	131,006	130,000
2024	130,000	2,028	0	2,028	132,028	0
TOTAL	<u>\$3,775,000</u>	<u>\$289,596</u>	<u>\$231,878</u>	<u>\$521,474</u>	<u>\$4,296,474</u>	

See - Note 13 regarding Series 2012 Refunding Bonds issued October 10, 2012

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012

<u>Fiscal Year</u>	<u>Bonds Due</u> <u>Interest</u>	<u>February 1</u> <u>Amount</u>	<u>Interest Payments Due</u>		<u>Total</u>	<u>Total Annual</u> <u>Requirements</u>	<u>Balance</u> <u>Outstanding</u>
			<u>Feb-01</u>	<u>Aug-01</u>			
2013							1,005,000
2014	1.89%	210,000	9,497	7,513	17,010	227,010	795,000
2015	1.89%	215,000	7,513	5,481	12,994	227,994	580,000
2016	1.89%	220,000	5,481	3,402	8,883	228,883	360,000
2017	1.89%	225,000	3,402	1276	4,678	229,678	135,000
2018	1.89%	135,000	1,275	0	1,275	136,275	0
TOTAL		<u>\$1,005,000</u>	<u>\$27,168</u>	<u>\$17,672</u>	<u>\$44,840</u>	<u>\$1,049,840</u>	

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012 - EDC

<u>Fiscal Year</u>	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2013							360,000
2014	1.89%	55,000	3,402	2,882	6,284	61,284	305,000
2015	1.89%	55,000	2,882	2,363	5,245	60,245	250,000
2016	1.89%	55,000	2,363	1,843	4,206	59,206	195,000
2017	1.89%	50,000	1,843	1,370	3,213	53,213	145,000
2018	1.89%	50,000	1,370	898	2,268	52,268	95,000
2019	1.89%	50,000	898	425	1,323	51,323	45,000
2020	1.89%	45,000	425	0	425	45,425	0
TOTAL		<u>\$360,000</u>	<u>\$13,183</u>	<u>\$9,781</u>	<u>\$22,964</u>	<u>\$382,964</u>	

Issued by the Ingleside Development Corporation.

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

TAX NOTE - SERIES 2013

<u>Fiscal Year</u>	<u>Bonds Due September 1</u>		<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2013							565,000
2014	1.68%	75,000	4,746	4,116	8,862	83,862	490,000
2015	1.68%	80,000	4,116	3,444	7,560	87,560	410,000
2016	1.68%	80,000	3,444	2,772	6,216	86,216	330,000
2017	1.68%	80,000	2,772	2,100	4,872	84,872	250,000
2018	1.68%	80,000	2,100	1,428	3,528	83,528	170,000
2019	1.68%	85,000	1,428	714	2,142	87,142	85,000
2020	1.68%	85,000	714	0	714	85,714	0
TOTAL		<u>\$565,000</u>	<u>\$19,320</u>	<u>\$14,574</u>	<u>\$33,894</u>	<u>\$598,894</u>	

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2002-A:

<u>Fiscal Year</u>	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2013							60,000
2014	5.58%	30,000	1,763	885	2,648	32,648	30,000
2015	5.90%	30,000	885	0	885	30,885	0
Total		<u>60,000</u>	<u>2,648</u>	<u>885</u>	<u>3,533</u>	<u>63,533</u>	



CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2012:

<u>Fiscal Year</u>	<u>Bonds Due February 1</u>		<u>Feb-01</u>	<u>Interest Payments Due</u>		<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
	<u>Interest %</u>	<u>Amount</u>		<u>Aug-01</u>	<u>Total</u>		
2013							1,475,000
2014	1.89%	165,000	13,939	12,380	26,319	191,319	1,310,000
2015	1.89%	170,000	12,380	10,773	23,153	193,153	1,140,000
2016	1.89%	165,000	10,773	9,214	19,987	184,987	975,000
2017	1.89%	155,000	9,214	7,749	16,963	171,963	820,000
2018	1.89%	155,000	7,749	6,284	14,033	169,033	665,000
2019	1.89%	150,000	6,284	4,867	11,151	161,151	515,000
2020	1.89%	145,000	4,867	3,497	8,364	153,364	370,000
2021	1.89%	195,000	3,496	1,653	5,149	200,149	175,000
2022	1.89%	175,000	1,653	0	1,653	176,653	0
TOTAL		<u>\$1,475,000</u>	<u>\$70,355</u>	<u>\$56,417</u>	<u>\$126,772</u>	<u>\$1,601,772</u>	

CITY OF INGLESIDE  
DEBT SERVICE REQUIREMENTS BY YEARS  
AS OF SEPTEMBER 30, 2013 (UNAUDITED)

UTILITY SYSTEM COMBINATION TAX AND REVENUE BONDS, SERIES 2007:

Fiscal Year	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			Total Annual Requirements	Balance Outstanding
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2013							1,025,000
2014	4.50%	125,000	23,063	20,250	43,313	168,313	900,000
2015	4.50%	130,000	20,250	17,325	37,575	167,575	770,000
2016	4.50%	140,000	17,325	14,175	31,500	171,500	630,000
2017	4.50%	150,000	14,175	10,800	24,975	174,975	480,000
2018	4.50%	150,000	10,800	7,425	18,225	168,225	330,000
2019	4.50%	160,000	7,425	3,825	11,250	171,250	170,000
2020	4.50%	170,000	3,825	0	3,825	173,825	0
TOTAL		<u>\$1,025,000</u>	<u>\$96,863</u>	<u>\$73,800</u>	<u>\$170,663</u>	<u>\$1,195,663</u>	

UTILITY SYSTEM CERTIFICATE OF OBLIGATIONS, SERIES 2011

Fiscal Year	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			Total Annual Requirements	Balance Outstanding
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2013							1,215,000
2014	3.12%	95,000	18,954	17,472	36,426	131,426	1,120,000
2015	3.12%	95,000	17,472	15,990	33,462	128,462	1,025,000
2016	3.12%	100,000	15,990	14,430	30,420	130,420	925,000
2017	3.12%	105,000	14,430	12,792	27,222	132,222	820,000
2018	3.12%	105,000	12,792	11,154	23,946	128,946	715,000
2019	3.12%	110,000	11,154	9,438	20,592	130,592	605,000
2020	3.12%	115,000	9,438	7,644	17,082	132,082	490,000
2021	3.12%	115,000	7,644	5,850	13,494	128,494	375,000
2022	3.12%	120,000	5,850	3,978	9,828	129,828	255,000
2023	3.12%	125,000	3,978	2,028	6,006	131,006	130,000
2024	3.12%	130,000	2,028	0	2,028	132,028	0
TOTAL		<u>\$1,215,000</u>	<u>\$119,730</u>	<u>\$100,776</u>	<u>\$220,506</u>	<u>\$1,435,506</u>	